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ABSTRACT

Current issues facing higher education in Texas are examined with an emphasis on student financial aid programs and governance. The formal organizational structure and the responsibilities of the major governmental units are described, and the role played by state government in higher education through its tuition policies and its student aid policies and programs is considered. Because the various state programs vary significantly in scope, eligibility, and funding levels, each program (and its effects on access and choice) are considered separately. An overview of student costs, tuition and required fees in public and private institutions, and federal and state student aid programs is presented. The processes by which the state government seeks to control program development and finance is discussed with attention to the role of the Coordinating Board. The following areas are covered: designation of funding formulas, administrative procedures in formula development, characteristics of formulas, institutional budget development, state budget office reviews, appropriations bills, state control of nonappropriated funds, and institutional governing boards. Current and emerging policy issues are discussed in the context of the changing Texas political environment. (SW)

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Sloan Commission on Government
and Higher Education
(Working Paper)

HIGHER EDUCATION IN TEXAS:
STUDENT AID AND GOVERNANCE

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by

Kenneth W. Tolo

October 1, 1978

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I. INTRODUCTION

Eighty percent of its citizens live in urban communities, three of the nation's ten largest cities are located within its borders, and it has experienced more than a 25 percent increase in population since 1960: Texas has emerged as a major economic and political force in the United States. During the past three decades the state has experienced the modernization of a rural and tradition-oriented society. As its perspectives have become more national in scope, Texas has matured. Thus, while John Steinbeck may characterize Texas as a "state of mind," that "state of mind" has been changing significantly.

Since 1945, for instance, Texas has had twice as rapid a shift of population from the farm to the city as the nation has. By 1970, 8.9 million of Texas' 11.2 million residents were urban dwellers -- and the number and proportion are even higher now.

In politics, change has been less dramatic. Although Texans have begun, albeit slowly, to accept more readily the increasing importance of effective state government decision-making, Texans continue to place little power or trust in the chief executive of the state. Since Reconstruction, Texans have demonstrated that they do not want "professional" politicians -- and the current governor has done his best not to be one. The Texas State Legislature traditionally also has advocated a minimal role for state government in state affairs. Ranked 38th (among state legislatures) with regard to its "effectiveness" in an early-1970s study by the Citizens Conference on State Legislatures, and 43rd with regard to being "informed," the Legislature meets in regular session only four months every two years (and rarely in special sessions).

Nevertheless, changes are occurring. Assuming office in January 1979 will be a new governor, whose past public service record suggests an activist and populist approach to state government. Legislators and the staff of legislative offices (e.g., Legislative Budget Board) have become much more active in recent years in their attention to financing and evaluation issues.

Greater involvement of state-level executive branch agencies -- especially the Coordinating Board, Texas College and University System (hereinafter referred to as the Coordinating Board) -- in Texas higher education decisionmaking also has occurred in recent years. Primarily this has resulted from the substantial increases in the past decade or two in the numbers of higher education institutions and students in Texas, and subsequently in the level of federal funds, state appropriations, and programs in these institutions.

Recent Trends

The century-plus that has elapsed since the establishment of the state's first public institution of higher education in 1871 has seen higher education in Texas become one of the state's largest enterprises, public or private. By 1976 there were 146 colleges and universities in the state: 10 recognized universities (6 public; 4 private, or independent); 75 (primarily) four-year institutions (30 public; 45 private); and 61 two-year colleges (56 public; 5 private). While the number of private institutions has grown little over the past decade, neither has it declined -- and during the same period the number of public institutions has increased about 50 percent. (See Table I-1.)

Enrollment increases have been as dramatic. From less than 300,000 fall headcount enrollment in 1965, the fall 1977 headcount enrollment in Texas junior and senior institutions exceeded 715,000. (See Table I-2.) (The 1977 total was 724,876, according to Coordinating Board figures, if public and private health-related institutions are included.) Data published by the National Center for Educational Statistics (NCES) are somewhat lower due to the use of different counting assumptions (see Table I-3), but still indicate an enrollment of approximately 650,000, the fourth-highest state total (behind California, New York, and Illinois).

Several interesting trends are evident in these and other data, principally those compiled by the Coordinating Board. Noteworthy in the NCES data (and in similar data from previous years) are the significant increases in and current numbers of part-time and first-time students in the state's

TABLE I-1

NUMBER OF TEXAS INSTITUTIONS OF HIGHER EDUCATION

YEAR	TOTAL*	PUBLIC				PRIVATE**			
		Total	Univ.	4-year	2-year	Total	Univ.	4-year	2-year
1965	97	52				45			
1967	110	60				50			
1969	122	69				53			
1971	125	72				53			
1973	136	81				55			
1975	145	90 (84)	6 (6)	29 (27)	55 (51)	55	4	46	5
1976	146	92 (84)	6 (6)	30 (27)	56 (51)	54	4	45	5

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*From 1965 to 1974, "branches" are considered parts of parent institutions. In 1975 and 1976, these "branches" are included in the number of institutions; the parentheses indicate the total numbers excluding branches.

**In Texas the term "independent" also is used to refer to private institutions of higher education.

SOURCE: National Center for Educational Statistics (NCES), Annual Reports.

TABLE I-2

FALL HEADCOUNT ENROLLMENT FORECASTS
TEXAS POSTSECONDARY EDUCATIONAL INSTITUTIONS
1978 - 1987

(1977 Is Actual)

By Type of Institution

	Junior Colleges[a]		Senior Colleges		TSTI	Total Enrollment[b]
Year	Inde.	Public	Inde.	Public		
1977	2,355	309,547	73,277	323,514	7,586	716,279
1978	2,296	323,397	75,225	332,964	7,814	741,696
1979	2,238	344,386	77,247	346,180	8,048	778,099
1980	2,183	355,500	79,479	351,229	8,289	796,680
1981	2,128	355,916	79,843	354,807	8,538	801,232
1982	2,075	354,967	80,197	358,134	8,794	804,167
1983	2,023	361,957	80,327	361,099	9,058	814,464
1984	1,972	366,723	80,580	364,020	9,330	822,625
1985	1,923	367,387	80,854	366,952	9,610	826,726
1986	1,875	368,467	81,131	370,078	9,898	831,449
1987	1,828	370,275	81,651	373,218	10,195	837,167
Change 1977-87	-22.38%	+19.62%	+11.43%	+15.36%	+34.39%	+16.88%

Note:

a. Junior college headcount enrollments include both semester and less than semester length courses

b. Total enrollment projections do not include medical, dental, nursing, allied health, graduate biomedical sciences or public health enrollment in public or private health professional institutions

SOURCE: Coordinating Board, Texas College and University System, May 1978

TABLE I-3

1977 Fall Enrollment, by State

	Total enrollment for all institutions	Publicly controlled institutions					Privately controlled institutions				
		All students				First-time students	All students				First-time students
		Men		Women			Men		Women		
		Full-time	Part-time	Full-time	Part-time		Full-time	Part-time	Full-time	Part-time	
Alabama	180,377	50,420	21,950	45,892	21,293	33,657	9,056	963	9,354	1,449	5,375
Alaska	29,312	3,894	9,031	3,762	12,241	1,036	128	46	99	111	230
Arizona	181,440	46,383	44,464	37,015	48,588	47,517	3,486	312	871	323	1,399
Arkansas	71,071	23,101	7,493	20,537	9,982	14,877	4,673	511	4,260	514	3,022
California	1,790,808	341,218	449,718	298,060	520,798	338,477	73,941	36,079	51,558	21,436	22,813
Colorado	153,898	52,040	21,367	41,011	25,148	29,194	6,236	1,631	4,914	1,549	2,279
Connecticut	149,268	25,627	18,484	24,992	22,910	22,634	18,890	11,760	15,910	10,695	13,111
Delaware	30,894	8,485	4,208	9,314	4,236	6,035	1,201	752	1,629	1,069	1,782
District of Columbia	83,871	1,633	4,424	1,625	5,610	2,998	22,696	16,724	19,593	11,566	6,640
Florida	364,204	83,107	65,296	78,377	75,786	59,531	30,793	7,511	19,188	6,148	11,616
Georgia	173,819	50,061	23,962	42,955	25,206	24,522	13,934	1,674	13,948	2,079	7,693
Hawaii	47,038	14,984	7,481	13,720	7,061	7,924	721	1,979	550	542	577
Idaho	40,250	12,092	5,147	8,471	6,493	7,964	2,882	327	4,331	507	4,102
Illinois	658,855	123,172	122,732	110,271	152,905	116,541	55,982	24,317	44,059	25,217	27,387
Indiana	221,970	59,487	29,387	48,803	29,883	36,314	23,660	5,215	18,427	7,108	12,220
Iowa	126,094	38,136	9,010	29,684	9,783	23,744	17,483	2,897	15,066	4,035	10,120
Kansas	127,671	38,733	19,561	30,780	24,933	24,771	5,424	883	6,191	1,166	3,912
Kentucky	131,667	38,392	15,838	34,615	19,198	21,194	10,001	2,190	8,213	3,220	6,272
Louisiana	153,988	50,695	15,238	46,885	19,201	30,212	9,458	2,644	7,365	2,522	3,808
Maine	40,125	11,347	4,283	8,500	5,504	5,508	5,003	735	4,129	624	3,151
Maryland	218,012	47,044	41,711	47,012	52,194	37,231	9,326	5,174	9,500	6,051	4,466
Massachusetts	376,821	48,337	31,827	50,494	34,686	39,504	81,525	31,204	69,198	29,550	43,713
Michigan	481,436	124,070	90,563	107,803	98,092	88,473	25,054	8,843	19,341	7,670	12,830
Minnesota	188,871	51,097	23,778	43,293	30,236	29,099	18,170	1,820	18,302	2,175	9,646
Mississippi	98,397	33,798	9,183	33,644	10,777	27,584	3,891	1,319	3,976	1,808	2,609
Missouri	221,152	52,703	27,016	42,865	31,543	27,749	26,526	11,516	19,513	9,670	10,240
Montana	30,730	12,004	2,747	9,633	3,231	6,061	980	491	1,084	560	575
Nebraska	81,329	24,791	11,577	18,247	12,399	19,218	6,138	1,366	5,342	1,469	3,267
Nevada	31,412	6,989	10,474	4,824	8,927	2,977	75	22	58	43	37
New Hampshire	39,319	8,144	2,919	7,692	3,163	4,647	8,227	2,341	5,376	1,457	5,074
New Jersey	300,890	60,228	49,821	60,388	59,691	51,406	24,477	14,407	18,796	13,084	11,027
New Mexico	54,310	18,779	7,182	14,572	9,975	8,070	1,155	972	959	716	424
New York	944,832	174,193	88,829	171,843	105,353	127,872	146,307	67,641	118,463	72,203	62,869
North Carolina	255,958	70,136	34,547	64,815	32,287	56,568	25,578	2,333	23,510	2,750	14,498
North Dakota	32,241	14,106	2,277	11,259	2,558	8,696	803	86	1,041	113	594
Ohio	452,811	115,599	64,803	102,371	70,262	79,993	43,029	11,866	32,848	12,033	21,255
Oklahoma	149,994	46,702	21,407	36,309	23,876	27,538	8,544	3,023	7,556	2,577	4,201
Oregon	141,554	40,065	24,045	32,953	28,344	41,322	7,844	1,345	5,627	1,331	3,074
Pennsylvania	475,368	99,599	45,086	87,374	52,687	65,828	77,858	26,396	60,832	25,534	37,701
Rhode Island	63,721	8,709	5,954	9,481	9,436	10,764	13,744	4,511	8,974	2,912	7,442
South Carolina	123,779	37,808	15,310	29,882	15,042	29,421	10,660	1,734	11,627	1,718	7,218
South Dakota	30,982	9,943	2,653	7,378	2,433	4,886	4,202	486	3,194	693	2,290
Tennessee	188,661	47,768	26,956	41,723	29,155	30,261	20,888	1,851	17,969	2,351	11,059
Texas	647,840	183,775	116,292	151,258	116,314	128,839	34,878	9,827	27,811	7,685	15,536
Utah	88,504	23,306	10,785	15,113	6,307	14,383	13,217	3,104	12,775	3,977	6,394
Vermont	29,413	5,957	2,077	6,000	3,347	3,872	5,185	571	5,482	794	3,125
Virginia	255,969	82,073	44,583	59,975	57,492	31,784	13,491	1,858	14,406	2,091	9,796
Washington	259,480	63,831	60,938	64,269	47,210	25,188	9,152	2,667	9,047	2,566	4,504
West Virginia	80,968	23,285	12,469	18,237	16,221	14,361	4,092	1,142	4,107	1,415	2,986
Wisconsin	241,184	74,730	36,751	63,642	35,128	60,099	13,041	3,231	11,459	3,182	6,694
Wyoming	19,706	6,732	3,111	5,290	4,573	6,305	—	—	—	—	—
U S service schools	18,156	17,353	45	753	5	4,527	—	—	—	—	—
Outlying areas	127,693	20,562	6,441	25,669	8,113	12,815	23,981	5,475	30,818	6,834	25,413

NOTE: Outlying areas include American Samoa, Canal Zone, Guam, Puerto Rico, Trust Territory of the Pacific Islands, and Virgin Islands

SOURCE: NATIONAL CENTER FOR EDUCATION STATISTICS public institutions. Whereas in 1965 full-time enrollment in Texas exceeded 95 percent of total enrollment, in 1977 it was only about 60 percent of the total. While Texas in 1977 ranked fourth in NCES total enrollment data (see above), the state was third (ahead of Illinois) in part-time students. As for numbers of first-time students, only California surpassed Texas in 1977. This reflects not only the continuing population increase in Texas, but also the increase in the college-going rate of the traditional college-age population (18-24 years of age) from about 25 percent in 1965 to more than 35 percent by the mid-1970s.

Other enrollment trends in Texas higher education institutions in the 1970s are evident in the tables in Appendix A. These include:

- increased percentages of females in both public and private institutions (37 percent to 46 percent and 42 percent to 44 percent, respectively, during the 1969-1976 period), but little change in the enrollment levels of women in graduate and professional programs (e.g., in 1976, males still outnumbered females at the doctoral and special/professional levels by 3 to 1);

- continued underrepresentation of minority enrollment, especially at the graduate levels (in 1976, Blacks and Chicanos each constituted 9 percent of the public senior college enrollments, but only 6 percent of all graduate enrollments and 3 percent of doctoral enrollments; enrollment percentages were 11 percent and 15 percent, respectively, in public junior colleges);

- increased percentages of students in public institutions and in junior colleges (between 1969 to 1976 the public institutions' share increased from 82 percent to 88 percent, while public junior college enrollments increased from less than 33 percent to almost 43 percent of public institution enrollments);

- relatively stable percentages of out-of-state (i.e., non-resident) students, although NCES figures are higher than those of the Coordinating Board (NCES: 10 percent non-resident including foreign students; Coordinating Board: overall 5 percent non-resident U.S. citizens and 2-3 percent foreign students, with private senior institutions having 22 percent out-of-state and 2 percent foreign students); and
- increased percentage of graduate-level enrollments in public senior institutions compared to undergraduate enrollments (e.g., from 1969 to 1976 lower-division undergraduate enrollments declined from 50 percent to 43 percent, with corresponding increases in graduate-level enrollments).

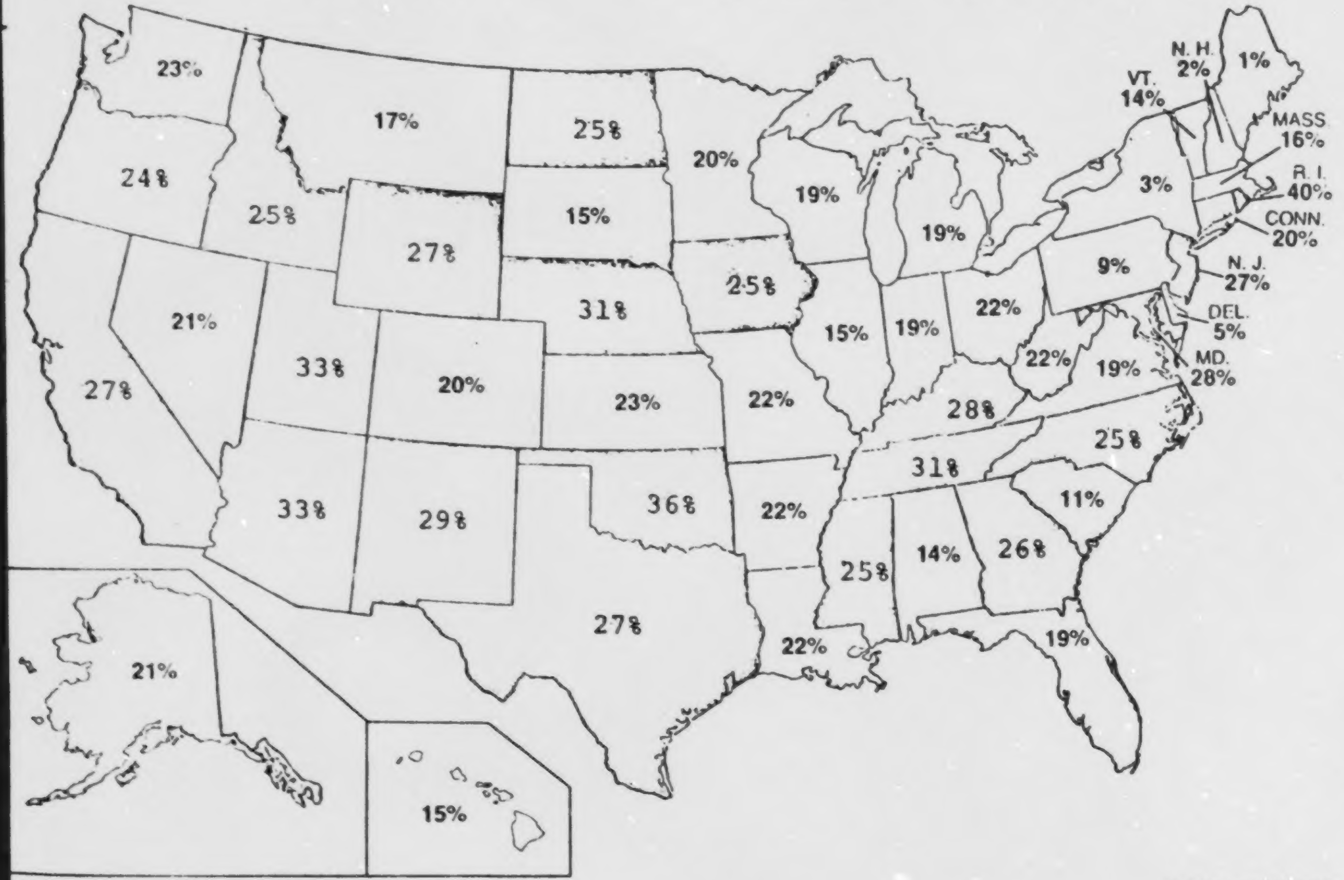
Current financial levels and trends also illustrate the substantial growth of higher education in Texas in the past decade or two. For example, state appropriations for higher education operating expenses in Texas in 1977-78 were $1,050,400,000, third highest among all states (behind California and New York) and an increase of 27 percent over the state's 1975-76 level. (See Map I-1 and Tables I-4 and I-5.)

In 1966 the total current fund income of Texas higher education institutions (according to NCES Annual Report data) was $494,455,000, of which 68 percent was in public institutions. By 1974, the total had increased to $1,636,652,000, with 79 percent in the public institutions.

The share of the state's "expenditure pie" appropriated by the Texas State Legislature for all higher education programs and institutions also has increased dramatically in the past decade. Higher education appropriations rose from $4.0

MAP I-1

2-Year Increases in State Tax Funds for Higher Education


23%
17%
25%
24%
25%
20%
27%
15%
19%
19%
N. H. 2%
1%
VT. 14%
MASS 16%
3%
R. I. 40%
CONN. 20%
9%
N. J. 27%
21%
31%
25%
22%
15%
19%
DEL. 5%
33%
20%
22%
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MD. 28%
27%
23%
22%
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25%
31%
11%
33%
29%
36%
22%
14%
26%
25%
27%
19%
22%
21%
15%

SOURCE: M.M.CHAMBERS

Increases in state appropriations for higher education's operating expenses from 1975-76 to 1977-78 are shown above. Heavily aded states had increases of 24 per cent or more; lightly shaded states, 18 to 23 per cent; unshaded states, less than 18 per cent.

SOURCE: The Chronicle of Higher Education Deskbook: 1978-79, p. 131.

TABLE I-4

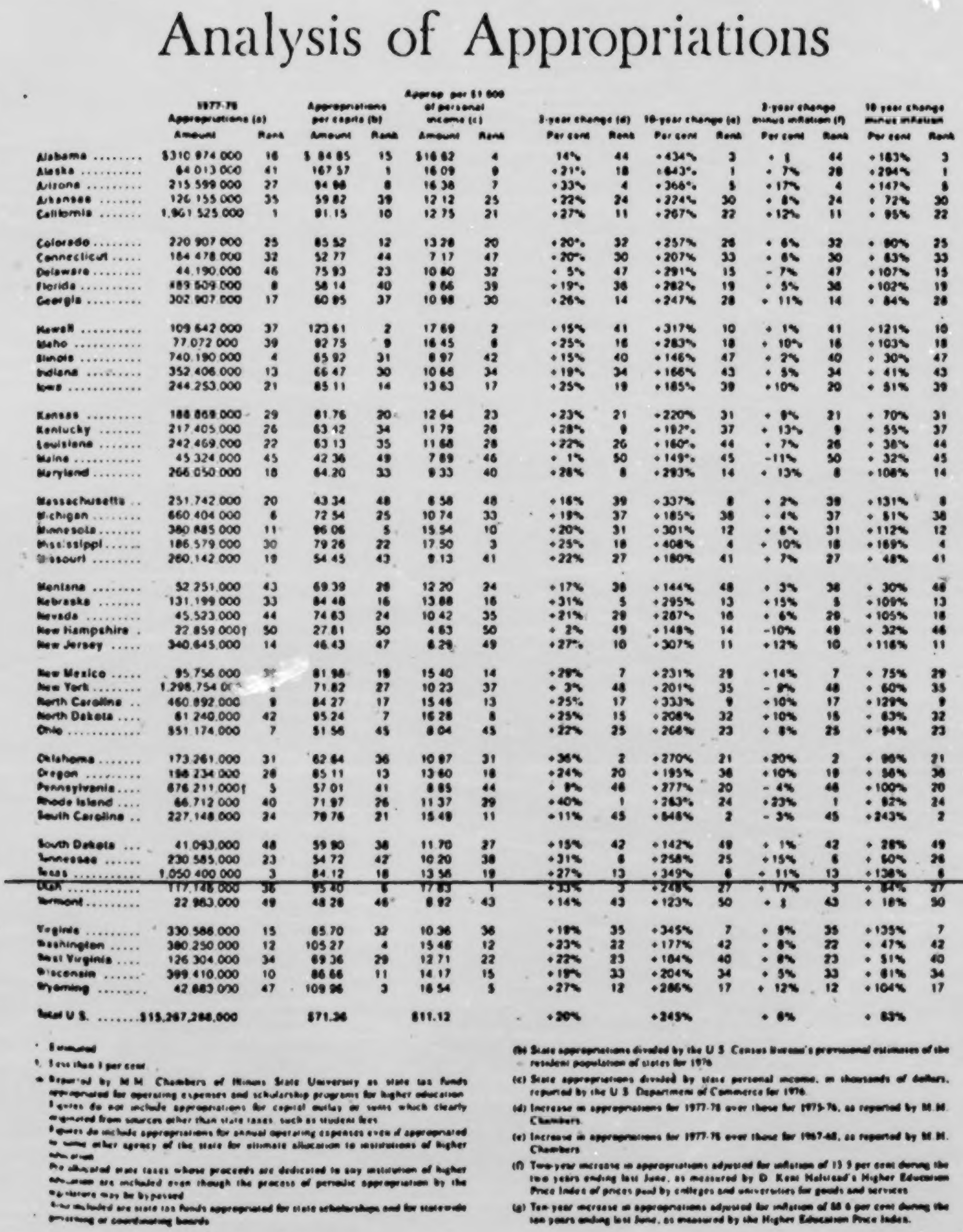
STATE FUNDS FOR HIGHER EDUCATION, 1977-78 (excerpt)

Annual Appropriations for Operating Expenses

	Appropriations 1977-78 (add 000)	2-year change
OHIO		
Ohio St U	$ 131,732	+12%
U of Cincinnati	55,035	+27%
Kent St U	33,538	+13%
U of Akron	27,046	+24%
Bowling Gr State U	26,501	+14%
Ohio U	25,457	+15%
Cleveland St U	23,270	+14%
Miami U	22,847	+18%
U of Toledo	22,834	+19%
Youngstown St U	18,097	+32%
Wright St U	16,914	+18%
Central St U	6,886	+33%
Med C of Toledo	11,120	+13%
Wright State Medical C	4,260	n/c
NE Med C	3,134	n/c
Case Western Reserve	5,591	+ 5%
C of Podiatric Med	250	n/c
Comm colleges	32,343	+40%
Tech colleges	25,964	+43%
Gen & tech colls	2,945	+53%
U branches	17,618	+26%
Instructional grants	26,901	+33%
Other approps	10,891	n/c
Total	**$ 551,174**	**+22%**
OKLAHOMA		
U of Oklahoma	$ 51,125	n/c
Oklahoma St U	47,433	+30%
Central St U	10,809	+30%
NE Oklahoma St U	6,426	+24%
SW Okla St U	5,795	+21%
Cameron U	4,565	+50%
SE Oklahoma St U	4,151	+31%
E Cntl Okla St U	3,552	+38%
Oklahoma C of Osteo Med	2,660	+98%
U of Sci & Arts	1,998	+26%
NW Okla St U	1,997	+11%
Langston U	1,888	+29%
Oklahoma Panhandle St U	1,678	+21%
Aid to jr colleges	27,772	+60%
Other approps	1,412	n/c
Total	**$ 173,261**	**+36%**
OREGON		
U of Oregon	$ 26,261	+23%
Health Science Ctr	29,890	+11%
Oregon St U	42,009	+21%
Portland St U	18,088	+18%
So Oregon St C	6,362	+26%
Oregon C of Ed	5,538	+20%
Ore Inst of Tech	5,045	+28%
E Oregon St C	3,336	+28%
Comm colleges	43,862	+32%
Scholarship Comm	6,691	+45%
Other approps	11,152	n/c
Total*	**$ 198,234**	**+24%**
PENNSYLVANIA		
Pa State U	$ 106,759	n/c
Temple U	68,517	n/c
U of Pittsburgh	60,449	n/c
Lincoln U	3,175	n/c
State-owned insts		
Indiana U	20,954	n/c
West Chester	17,558	n/c
Edinboro	14,100	n/c
Slippery Rock	13,644	n/c
California	13,160	n/c
Millersville	12,781	n/c
Clarion	12,191	n/c
Shippensburg	11,969	n/c
Bloomsburg	11,927	n/c
Kutztown	11,241	n/c
East Stroudsburg	9,187	n/c
Mansfield	8,982	n/c
Cheyney	7,956	n/c
Lock Haven	6,900	n/c
Unallocated	150	n/c
Comm colleges	35,090	n/c
Aid to pvt c's	34,503	n/c
Higher Ed Assist	76,656	n/c
Other approps	110,323	n/c
Total	**$ 668,172**	**+ 7%**
RHODE ISLAND		
U of Rhode Island	$ 31,877	+21%
Rhode Island C	14,730	+32%
Rhode Island Jr C	11,175	+56%
State scholarships	2,041	+ 0%
Aid to medical ed	900	+29%
Other approps	321	n/c
Total	**$ 61,044**	**+28%**
SOUTH CAROLINA		
U of So Carolina	$ 59,109	n/c
Medical U of SC	46,262	n/c
Clemson U	43,330	n/c
C of Charleston	8,198	n/c
So Carolina St C	8,190	n/c
Winthrop C	7,152	n/c
The Citadel	6,463	n/c
Francis Marion C	4,067	n/c
Lander C	2,991	n/c
Board for tech & comp ed	31,755	n/c
Pvt-coll students	8,351	n/c
Higher Ed Comm	1,280	n/c
Total	**$ 227,148**	**+11%**
SOUTH DAKOTA		
South Dakota St U	$ 18,940	n/c
U of South Dakota	18,133	+18%
SD Sch of Mines	4,212	+13%
Northern St C	4,307	+14%
Black Hills St C	3,344	+13%
Other approps	1,657	n/c
Less non-tax rev	−9,500	n/c
Total	**$ 41,093**	**+15%**
TENNESSEE		
U of Tennessee	$ 109,765	n/c
Memphis St U	27,974	+19%
East Tenn St U	15,986	+35%
Middle Tenn St U	14,221	+24%
Tennessee Tech U	10,916	+22%
Tennessee St U	8,382	+29%
Austin Peay St U	5,950	+30%
State comm colls	24,181	+53%
State tech insts	6,800	n/c
Stdt Assist Corp	2,712	n/c
Other approps	3,698	+27%
Total	**$ 230,585**	**+31%**
TEXAS		
U of Texas	$ 355,459	+18%
Texas A&M U	119,376	+22%
Texas Tech U	57,366	+12%
U of Houston	56,583	n/c
North Texas St U	26,177	+15%
Texas Woman's U	18,329	+53%
East Texas St U	16,492	+12%
SW Texas St U	16,273	+20%
Texas St Tech Inst	15,093	+28%
Texas A&I U	14,594	+15%
Lamar U	13,677	+10%
S Austin St U	12,301	− 3%
Sam Houston St U	11,502	− 3%
Pan American U	11,356	+33%
Texas Southern U	11,231	+14%
C of Osteo Med	10,183	n/c
West Texas St U	10,044	+26%
Sul Ross St U	8,578	+118%
Angelo St U	6,282	+29%
Midwestern St U	6,113	+39%
Texas Eastern U	3,817	+26%
Coordinating board	41,406	n/c
Aid to jr colleges	201,856	+60%
Other approps	6,311	n/c
Total	**$ 1,050,400**	**+27%**
UTAH		
U of Utah	$ 53,278	+31%
Utah St U	26,737	+29%
Weber St C	13,872	+33%
Utah Tech C		
Salt Lake City	5,355	+39%
Provo	4,466	+83%
So Utah St C	4,158	+28%
Dixie C	2,126	+32%
Snow C	2,120	+42%
C of Eastern Utah	1,695	+35%
Board of regents	3,339	n/c
Total	**$ 117,146**	**+33%**
VERMONT		
U of Vermont	$ 13,482	+12%
State colleges	5,922	+15%
Stdnt Assist Corp	3,440	n/c
Other approps	139	+ 0%
Total	**$ 22,983**	**+14%**

SOURCE: M. M. Chambers, Illinois State University. The Chronicle of Higher Education Deskbook: 1978-79, p. 135.

TABLE I-5



Analysis of Appropriations

	1977-78 Appropriations (a)		Appropriations per capita (b)		Approp. per $1,000 of personal income (c)		2-year change (d)		10-year change (e)		2-year change minus inflation (f)		10-year change minus inflation	
	Amount	Rank	Amount	Rank	Amount	Rank	Per cent	Rank	Per cent	Rank	Per cent	Rank	Per cent	Rank
Alabama	$310,974,000	16	$ 84.85	15	$16.62	4	14%	44	+434%	3	+ †	44	+183%	3
Alaska	64,013,000	41	167.57	1	16.09	9	+21%	18	+643%	1	+ 7%	28	+294%	1
Arizona	215,599,000	27	94.98	8	16.38	7	+33%	4	+366%	5	+17%	4	+147%	5
Arkansas	126,155,000	35	59.82	39	12.12	25	+22%	24	+224%	30	+ 8%	24	+ 72%	30
California	1,961,525,000	1	91.15	10	12.75	21	+27%	11	+267%	22	+12%	11	+ 95%	22
Colorado	220,907,000	25	85.52	12	13.28	20	+20%	32	+257%	26	+ 6%	32	+ 90%	25
Connecticut	164,478,000	32	52.77	44	7.17	47	+20%	30	+207%	33	+ 6%	30	+ 63%	33
Delaware	44,190,000	46	75.93	23	10.80	32	+ 5%	47	+291%	15	− 7%	47	+107%	15
Florida	489,509,000	8	58.14	40	9.66	39	+19%	36	+282%	19	+ 5%	36	+102%	19
Georgia	302,907,000	17	60.95	37	10.98	30	+26%	14	+247%	28	+ 11%	14	+ 84%	28
Hawaii	109,642,000	37	123.61	2	17.69	2	+15%	41	+317%	10	+ 1%	41	+121%	10
Idaho	77,072,000	39	92.75	9	16.45	6	+25%	16	+283%	18	+ 10%	16	+103%	18
Illinois	740,190,000	4	65.92	31	8.97	42	+15%	40	+146%	47	+ 2%	40	+ 30%	47
Indiana	352,406,000	13	66.47	30	10.66	34	+19%	34	+166%	43	+ 5%	34	+ 41%	43
Iowa	244,253,000	21	85.11	14	13.63	17	+25%	19	+185%	39	+10%	20	+ 51%	39
Kansas	188,869,000	29	81.76	20	12.64	23	+23%	21	+220%	31	+ 8%	21	+ 70%	31
Kentucky	217,405,000	26	63.42	34	11.79	26	+28%	9	+192%	37	+ 13%	9	+ 55%	37
Louisiana	242,469,000	22	63.13	35	11.68	28	+22%	26	+160%	44	+ 7%	26	+ 38%	44
Maine	45,324,000	45	42.36	49	7.89	46	+ 1%	50	+149%	45	−11%	50	+ 32%	45
Maryland	266,050,000	18	64.20	33	9.33	40	+28%	8	+293%	14	+ 13%	8	+108%	14
Massachusetts	251,742,000	20	43.34	48	6.58	48	+16%	39	+337%	8	+ 2%	39	+131%	8
Michigan	660,404,000	6	72.54	25	10.74	33	+19%	37	+185%	38	+ 4%	37	+ 51%	38
Minnesota	380,885,000	11	96.06	5	15.54	10	+20%	31	+301%	12	+ 6%	31	+112%	12
Mississippi	186,579,000	30	79.26	22	17.50	3	+25%	18	+408%	4	+ 10%	18	+169%	4
Missouri	260,142,000	19	54.45	43	9.13	41	+22%	27	+180%	41	+ 7%	27	+ 48%	41
Montana	52,251,000	43	69.39	28	12.20	24	+17%	38	+144%	48	+ 3%	38	+ 30%	48
Nebraska	131,199,000	33	84.48	16	13.88	16	+31%	5	+295%	13	+15%	5	+109%	13
Nevada	45,523,000	44	74.63	24	10.42	35	+21%	29	+287%	16	+ 6%	29	+105%	16
New Hampshire	22,859,000†	50	27.81	50	4.63	50	+ 2%	49	+148%	14	−10%	49	+ 32%	46
New Jersey	340,645,000	14	46.43	47	6.29	49	+27%	10	+307%	11	+12%	10	+116%	11
New Mexico	95,756,000	[illegible]	81.98	19	15.40	14	+29%	7	+231%	29	+14%	7	+ 75%	29
New York	1,298,754,0[illegible]	[illegible]	71.82	27	10.23	37	+ 3%	48	+201%	35	− 9%	48	+ 60%	35
North Carolina	460,892,000	9	84.27	17	15.46	13	+25%	17	+333%	9	+10%	17	+129%	9
North Dakota	61,240,000	42	95.24	7	16.28	8	+25%	15	+208%	32	+10%	15	+ 63%	32
Ohio	551,174,000	7	51.56	45	8.04	45	+22%	25	+266%	23	+ 8%	25	+ 94%	23
Oklahoma	173,261,000	31	62.64	36	10.97	31	+36%	2	+270%	21	+20%	2	+ 96%	21
Oregon	198,234,000	28	85.11	13	13.60	18	+24%	20	+195%	36	+10%	19	+ 56%	36
Pennsylvania	676,211,000†	5	57.01	41	8.85	44	+ 9%	46	+277%	20	− 4%	46	+100%	20
Rhode Island	66,712,000	40	71.97	26	11.37	29	+40%	1	+263%	24	+23%	1	+ 92%	24
South Carolina	227,148,000	24	78.76	21	15.49	11	+11%	45	+548%	2	− 3%	45	+243%	2
South Dakota	41,093,000	48	59.90	38	11.70	27	+15%	42	+142%	49	+ 1%	42	+ 28%	49
Tennessee	230,585,000	23	54.72	42	10.20	38	+31%	6	+258%	25	+15%	6	+ 90%	26
Texas	1,050,400,000	3	84.12	18	13.56	19	+27%	13	+349%	6	+ 11%	13	+138%	6
~~Utah~~	~~117,146,000~~	~~36~~	~~95.40~~	~~6~~	~~17.83~~	~~1~~	~~+33%~~	~~3~~	~~+248%~~	~~27~~	~~+ 17%~~	~~3~~	~~+ 84%~~	~~27~~
Vermont	22,983,000	49	48.28	46	8.92	43	+14%	43	+123%	50	+ †	43	+ 18%	50
Virginia	330,586,000	15	65.70	32	10.36	36	+19%	35	+345%	7	+ 5%	35	+135%	7
Washington	380,250,000	12	105.27	4	15.48	12	+23%	22	+177%	42	+ 8%	22	+ 47%	42
West Virginia	126,304,000	34	69.36	29	12.71	22	+22%	23	+184%	40	+ 8%	23	+ 51%	40
Wisconsin	399,410,000	10	86.66	11	14.17	15	+19%	33	+204%	34	+ 5%	33	+ 81%	34
Wyoming	42,883,000	47	109.96	3	18.54	5	+27%	12	+286%	17	+ 12%	12	+104%	17
Total U.S.	$15,267,268,000		$71.36		$11.12		+20%		+245%		+ 6%		+ 83%	

* Estimated

† Less than 1 per cent

(a) Reported by M.M. Chambers of Illinois State University as state tax funds appropriated for operating expenses and scholarship programs for higher education. Figures do not include appropriations for capital outlay or sums which clearly originated from sources other than state taxes, such as student fees. Figures do include appropriations for annual operating expenses even if appropriated to some other agency of the state for ultimate allocation to institutions of higher education. Pre-allocated state taxes whose proceeds are dedicated to any institution of higher education are included even though the process of periodic appropriation by the legislature may be bypassed. Also included are state tax funds appropriated for state scholarships and for statewide governing or coordinating boards.

(b) State appropriations divided by the U.S. Census Bureau's provisional estimates of the resident population of states for 1976.

(c) State appropriations divided by state personal income, in thousands of dollars, reported by the U.S. Department of Commerce for 1976.

(d) Increase in appropriations for 1977-78 over those for 1975-76, as reported by M.M. Chambers.

(e) Increase in appropriations for 1977-78 over those for 1967-68, as reported by M.M. Chambers.

(f) Two-year increase in appropriations adjusted for inflation of 13.5 per cent during the two years ending last June, as measured by D. Kent Halstead's Higher Education Price Index of prices paid by colleges and universities for goods and services.

(g) Ten-year increase in appropriations adjusted for inflation of 88.6 per cent during the ten years ending last June, as measured by the Higher Education Price Index.

SOURCE: The Chronicle of Higher Education Deskbook: 1978-79, p. 137.

billion (and 12.8 percent of total appropriations) in 1966-67 to $12.8 billion (and 19.1 percent of the total) in 1976-77.

Additional financing trends within the state's higher education system are evident from reports of the Texas Advisory Council for Technical-Vocational Education. Although state appropriations for senior colleges and universities increased 96 percent between fiscal years 1969 and 1975, for example, the corresponding increase for community and junior colleges was 208 percent. Furthermore, as evidence of the increasing emphasis nationwide on vocational education, occupational education appropriations for the state's community and junior colleges increased 459 percent during this same period, as compared with an increase of only 138 percent in academic program appropriations for these schools.

Funding for organized research in state institutions also has increased dramatically during the 1970s, as Coordinating Board annual reports show. However the most recent (1977) legislative session took a less positive view of organized research, funding FY 1978 research at the FY 1977 level but FY 1979 at only 50 percent of the FY 1977 level. With respect to relative contributions, percentages funded by the federal government, the state government, and the institutions themselves, respectively, for higher education organized research have varied little over the past several years. For example, the 1973 biennium organized research total was $103.3 million, which included 56 percent federal funds, 26 percent state funds, and 2 percent institutional funds. (About 75 percent of the funds went to public senior institutions, almost entirely to the Texas A & M University System (40 percent) and The University of Texas System (34 percent). Health-related programs received about 25 percent of the total.) Corresponding percentages of the 1977 biennium level of $166.6 million were (approximately) 57 percent, 24 percent, and 3 percent, respectively.

Future Prospects

These trends suggest the magnitude of the higher education system in Texas -- and make clear why state government increasingly will be (and must be) involved with the financing, coordination, and governance of higher education in the state. Further ensuring the more active involvement of state officials are the current and anticipated nationwide shifts in fiscal, demographic, and social trends. Whereas until recently the favorable nature of these trends led to virtually unopposed increases in state higher education programs, facilities, and appropriations, decisionmakers now are giving vocal attention to fiscal conservatism and tax reductions, to the financing of higher education not as an unquestioned "social good" but as one of many competing socially desirable programs, and to the much-discussed movement of higher education from a period of fast-growth to one of no-growth.

But is higher education in Texas, as in many states, in fact moving toward (or already in) a no-growth period? Two recent reports are informative. At the regional level, the Southern Regional Education Board (SREB) Profile of Higher Education in the South in 1985 notes that the percentage change in projected college-age population (18-to-24 year olds) in Texas from 1975 to 1985 is 4.8 percent, compared to a projected regional average increase of 3.1 percent and a national average increase of 0.8 percent over the same period. As a reflection of the shift in the median age of the U.S. population from 29 in 1976 to 33 in 1985, increasing numbers of older students are expected in Texas and in the region. Yet SREB does project that the southern region, like other regions, will experience absolute declines in total enrollment between 1980 and 1985.

A forecast with somewhat different conclusions, based upon "cohort-migration-survival component" population projection methods supplemented by both aggregate and disaggregate population-based forecasts and focusing only on Texas, was released in May 1978 by the Coordinating Board. This study forecasts increases in total enrollment in each year through 1987, in the public senior institution and independent senior institution sectors! (See Table I-2.) Even the public junior colleges are projected to experience an enrollment decline in only one year (1982) during the decade 1977-1987. Clearly the projected total enrollment gain of 16.9 percent from 1977 to 1987 is less than the actual statewide enrollment growth of 93 percent from 1968 to 1977. Yet, if these Coordinating Board 10-year forecasts (which were adopted formally by the Board on March 10, 1978) are correct, Texas higher education will _not_ face the no-growth (or actual decline) in enrollment anticipated in most states.* Thus, while Texas joins other states in experiencing increased state government involvement in higher education financing and governance, that involvement in Texas may be less predicated upon enrollment declines than is the case in other states.

Overview of Study

This study seeks to examine the current issues which face higher education in Texas, given the current and projected trends briefly noted above. This is attempted through an emphasis on two areas of major interest to the states and to institutions of higher education -- student financial aid programs and governance. In order to understand the discussion of these two areas, it is first necessary in Chapter II to describe the formal organizational structure and the responsibilities of the major governmental units. Chapters III and IV then address the two major areas of concern --

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*While this may be true on an aggregate basis, however, certain institutions undoubtedly will experience declining enrollments.

student aid/tuition and governance -- with particular attention to historical and present-day programs and processes and to the implications one then can draw about the overall involvement of state government in higher education. The concluding section of each of these two chapters reiterates those points relevant to concerns specified by the Sloan Commission on Government and Higher Education in May 1978. Chapter V concludes with an overview of current and emerging policy issues, discussed in the context of the changing Texas political environment.

II. THE ORGANIZATIONAL ENVIRONMENT FOR HIGHER EDUCATION GOVERNANCE IN TEXAS

The formal organizational environment within which the state government interacts with the higher education system includes three primary elements: the Texas State Legislature and the Governor's Office; the state agencies (e.g., Coordinating Board) responsible for higher education programs, planning, and coordination; and the governing boards of the state's institutions. (See Figure II-1.)

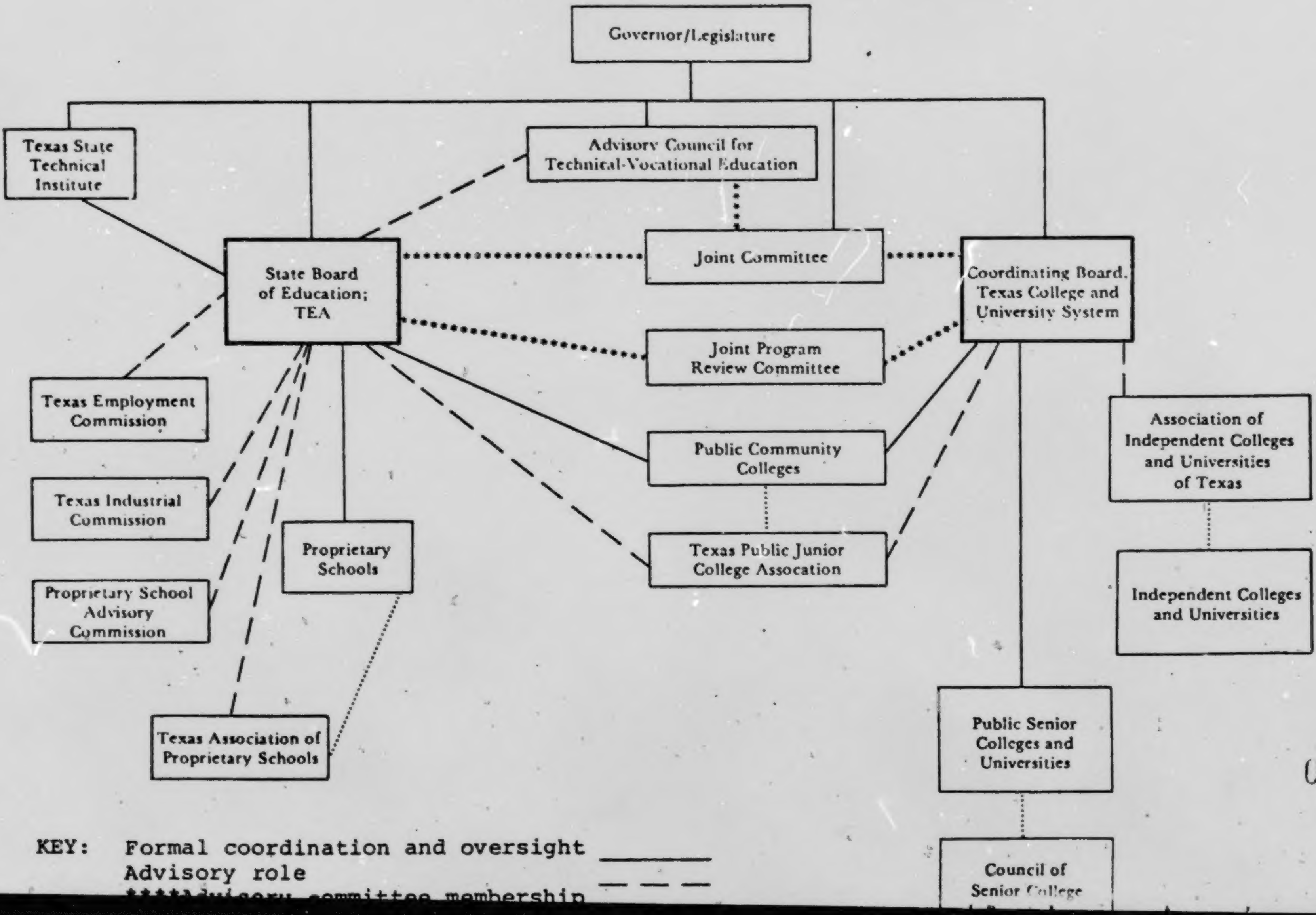
Texas State Legislature

The State Legislature, through both constitutional and statutory provisions, has assumed responsibility for the creation, protection, regulation, and financing of large segments of post-secondary education in Texas. Whereas most existing constitutional provisions are concerned with institutional financing, statutory provisions have dealt more broadly with issues of coordination and regulation, as well as financing.

Constitutional Provisions. Constitutional provisions for higher education in Texas are currently included in Sections X - XVIII, Article VII, of the Constitution of the State of Texas. In 1858 Texas recognized the need for a system of higher education in the state. To this end, the Constitution of the State of Texas authorized the State Legislature to establish, maintain, support, and direct a "university of the first class." The university, designated The University of Texas, was located by popular vote in the capital city. Its primary purpose

FIGURE II-1

Major Organizations and Relationships in Post-Secondary Education in Texas


Governor/Legislature
Texas State Technical Institute
Advisory Council for Technical-Vocational Education
State Board of Education; TEA
Joint Committee
Coordinating Board, Texas College and University System
Joint Program Review Committee
Texas Employment Commission
Texas Industrial Commission
Proprietary School Advisory Commission
Proprietary Schools
Texas Association of Proprietary Schools
Public Community Colleges
Texas Public Junior College Assocation
Association of Independent Colleges and Universities of Texas
Independent Colleges and Universities
Public Senior Colleges and Universities
Council of Senior College

KEY: Formal coordination and oversight ———
Advisory role — — —
****Advisory committee membership

was to promote literature, arts and sciences, and agricultural and mechanical skills. For continued maintenance of the school, the Constitution provided for the creation of a Permanent University Fund consisting of all lands and other property set apart and appropriated for the establishment of The University of Texas; all grants and proceeds from the sale of lands; and donations and appropriations by the state and from other sources (with the exception of donations for specific purposes). The State Treasury was invested with the power to control and use the fund. The State Legislature was given responsibility for the collection of all debts due on account of University lands.

The State Legislature also set aside an additional one million acres of state land for the use of The University and its branches. The land was to be subjected to the same rules and regulations as the land already in the Permanent University Fund. All the lands belonging to The University and mentioned in the Constitution are subject to county taxation. The taxable value of the land is determined by the State Tax Board, with the State remitting annually to each county in which University land is located an amount equal to the tax imposed upon the land for county purposes. In addition, a state ad valorem tax on property (at the rate of five cents per $100 valuation) was provided by the Constitution for the purpose of acquiring, constructing, initially equipping, or otherwise permanently improving those institutions of higher learning designated by the Legislature.

The Constitution further authorized the governing boards of each institution to pledge all or any part of The University funds and to secure bonds or notes for the purpose of acquiring, constructing, or initially equipping such buildings and other permanent improvements. The Board of Directors of the Agricultural and Mechanical University of Texas is thus authorized to issue negotiable bonds or notes not to exceed a total of $5 million; the Board of Regents of The University of Texas is authorized not to exceed $10 million. Such bonds or notes shall be registered in the Comptroller's Office. The bonds can only be sold through competitive bidding, at prices no less than their par value. An accrued interest fund is reallocated to the different institutions based upon student enrollment. At the same time, the Constitution prohibited the State Legislature from levying a tax or appropriating money out of the General Revenue Fund for the establishment and erection of buildings for The University of Texas.

Article VII of the Constitution of the State of Texas has undergone little change in the past 120 years.

Statutory Provisions. As early as 1858, the Texas State Legislature passed legislation creating The University of Texas. In 1871 the Legislature passed an act establishing the Agricultural and Mechanical College of Texas. Located in Brazos County and constituting a branch of The University[1], the College was created to promote agricultural and mechanical skills, as well as the natural sciences. As in the case of the main University, the Legislature was required to maintain, support, and direct the college. In addition, the State Legislature was charged by the Constitution with establishing and supporting a branch of The University of Texas for the instruction of black youth.[2]

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[1] Although originally designated a branch of The University of Texas, Texas A&M later developed into a university system of its own; it still shared in the Permanent University Fund, however.

Not until 1949 did the Legislature enact further major state legislation relating to the coordination and governance of postsecondary education in the state. In that year a central education agency was created to supervise and coordinate all state- and federally-funded vocational-technical programs, including those in community and junior colleges. Still operational today, the agency consists of an elected State Board of Education (which also serves as the State Board for Vocational Education), a Commissioner of Education, and a professional, technical, and clerical staff (the Texas Education Agency).

In 1955 Texas statutorily recognized the need for a central state coordinating agency in the field of higher education by creating the Texas Commission on Higher Education. The Commission was specifically directed to coordinate the programs and financing of higher education institutions in order to develop an efficient and effective state system. Unfortunately, the

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[2] This black college, later named Prairie View A&M University, became a part of the Texas A&M system and as such continued to share in the Permanent University Fund.

Commission's effectiveness was limited by its inability to coordinate program development and facilities construction; lack of money further hampered its efforts.

State responses to these difficulties culminated in the passage of the Higher Education Coordinating Act of 1965, which established the Coordinating Board, Texas College and University System (HB 1, 59th Legislature, 1965). The major purpose of the 1965 Act was to establish in Texas an agency to provide leadership and coordination for the Texas higher education systems, institutions, and governing boards, to the end that Texas might achieve efficient and effective use of available resources and eliminate costly duplication. Coordinating Board responsibilities are discussed in greater detail in the next section.

In 1969 the Texas Legislature passed the Technical-Vocational Act, providing the legal basis necessary to establish a state education system capable of developing personnel trained in the technical and vocational skills required to accommodate the social and economic needs of Texas. The Act also created the Advisory Council for Technical-Vocational Education, which is to evaluate and make recommendations about vocational education programs in the state, and the Joint Committee. Composed of three members each from the Coordinating Board, the State Board of Education, and the Advisory Council for Technical-Vocational Education, this latter committee coordinates and reviews policy and program initiatives, including funding methods, in the vocational-technical programs of the state's public postsecondary education institutions.

The passage of the Texas Proprietary School Act of 1971 expanded the authority of the Texas Education Agency (TEA) by providing for the certification and regulation of postsecondary proprietary schools in Texas. The certified proprietary schools are currently under the jurisdiction of TEA, the State Board for Vocational Education, and the Proprietary Schools Advisory Commission.

Legislative Committees. The Texas State Legislature is composed of 31 senators (four-year terms) and 150 representatives (two-year terms). The Legislature meets in regular session in odd-numbered years for a maximum of 140 days (January-May). Special sessions may be convened by the Governor, but have been rare in recent years.

Committees with primary jurisdiction over higher education are the Higher Education and Appropriations Committees in the House of Representatives and the Education and Finance Committees in the Senate. Interim legislative committees also are frequently created to carry out studies between regular legislative sessions. For example, the Joint Interim Committee on the Funding of Public Institutions of Higher Education currently is developing a set of proposals ranging from formula funding and faculty development to campus security. (A few of these proposals will be discussed in Chapter V.) Full-time committee staffing is extremely limited, and staff effectiveness is further limited by turnover rates resulting from relatively low salary levels.

Legislative Budget Board. The Legislative Budget Board (LBB), created by statute in 1949, has become one of the most active and influential participants in the state's higher education decisionmaking processes. Composed of 10 members (the Lieutenant Governor (chairman) and four key senators, plus the Speaker and four other representatives), the LBB was created as a service agency to study independently and systematically the state's financial needs -- including those of higher education. The board reviews activities and programs of state agencies; reviews budget requests and recommends appropriations to the Legislature; studies special problems of management in state government; and inspects properties, equipment, and facilities of state agencies and institutions. The board appoints a Director of the Budget to supervise the operations of the more than 50 full-time staff.

The staff, composed primarily of aggressive younger individuals with impressive work and graduate academic backgrounds, develops and issues instructions for preparing budget estimates; examines work programs and financial estimates, making field investigations as necessary; conducts public hearings on budget requests; and prepares budget "mark-up" for attention of the board. Staff are assigned to substantive areas, with several working on higher education-related program and funding matters. From the LBB's recommendations, the staff compiles the legislative budget document to be considered during the regular legislative session and drafts the general biennial appropriation bill. Special analyses are made of problems relating to program, organization, or operating procedures. During the legislative sessions, the budget staff serves the House Appropriations and Senate Finance Committees.

The LBB (and its staff) cooperates with the Governor's Budget and Planning Office in preparing budget estimate requests. Recommendations are arrived at independently, however, and are presented in separate budget documents to the Legislature. Hence different higher education budget requests may be submitted to the Legislature by these two budget staffs. In this event, the Governor's Office submission generally receives much less attention.

The Coordinating Board, Texas College and University System prescribes formulae used by these two budget offices in preparing the requests. The Coordinating Board also certifies to the LBB that budget requests submitted by institutions of higher education have been prepared in conformity with prescribed standards.

Texas Governor's Office

Given the relatively weak power of the governor, the degree of gubernatorial influence on higher education in Texas depends in large part upon the priorities and initiative of the individual holding the office. A governor willing to commit his resources to the support of particular policies and programs can be -- and has been -- quite effective. In the mid-1960s, for example, Governor Connally gave top priority to higher education, in turn establishing the Governor's Committee on Education Beyond the High School and persuading the Legislature to create the Coordinating Board. To illustrate the extent to which he supported both higher education and a strong centralized board, the recommendations in his Governor's Message of 1965 included:

- the creation of a strong coordinating board for colleges and universities, with sufficient authority to offer promise of effective coordination;
- the inclusion of sufficient funds in the budget to raise faculty salaries to a level approximately ten percent above the projected national average; and
- the full state financing of the instructional costs of academic programs at public community colleges and the transfer of administrative responsibilities concerning these programs from the Texas Education Agency to the Coordinating Board.

Governor Smith, his successor, concentrated his attention on vocational education and medical education, establishing (for example) new medical, dental, and allied health schools throughout the state. Since 1972, Governor Briscoe has continued this emphasis on vocational-technical education and community college funding, but at a much less active level. In fact, during his six years as governor he neither has provided active leadership nor has exhibited serious concern about improving higher education in Texas.

Governor's Budget and Planning Office. The creation of this office in 1976 brought together executive management functions formerly separated into the Governor's Budget Office and the Division of Planning Coordination. Among other activities, the office, through its approximately 70 staff, develops the governor's budget recommendations to the Legislature (recall the LBB discussion above); serves as a clearinghouse for state- and federally-funded projects and programs according to required review and comment processes (e.g., A-95); advises the governor in the development of responses to proposed federal or state legislation; and executes planning programs.

One of the eight functional sections of the Office has responsibility for education. Through the work of this section the Office provides assistance to the governor in the development of fiscal plans and budget recommendations for higher education in the state.

Coordinating Board

The Coordinating Board, Texas College and University System was created in 1965 to provide:

> ... leadership and coordination for the Texas higher education system, institutions, and governing boards, to the end that the State of Texas may achieve excellence for college education of its youth through the efficient and effective utilization and concentration of all available resources and the elimination of costly duplication in program offerings, faculties, and physical plants (Texas Education Code, Sec. 61.002).

The Board and its staff emphasize coordination and leadership rather than control. Concerned with statewide planning, the Board has stressed that institutional autonomy is vital and that responsibilities for the planning and development of individual colleges and universities should remain with institutional administrators and governing boards.

To illustrate the significant increase in responsibility given the Coordinating Board as compared to its predecessor, the Texas Commission on Higher Education, the Coordinating Board transmits all higher education matters requiring legislative action (including budgets) to the Legislature, whereas prior to 1965 all institutions dealt directly with the Legislature. The Coordinating Board has the power to create, maintain, or discontinue degree programs; before 1965, Commission advice often was disregarded and duplicative programs developed.

Responsibilities. The Coordinating Board's functions and other delegated duties apply to public junior colleges, public senior colleges and universities, medical and dental units, and other agencies of higher education. The board is also mandated by statute to cooperate with the private sector of higher education, to take into account the degree and certificate programs in these institutions in authorizing new programs for the public colleges and universities, and to participate in programs with them within constitutional and statutory limitations.

Among the chief areas of board responsibility are those of long-range planning for the orderly development of the Texas system of higher education; program development and allocation; financial planning to ensure the most effective, efficient, and economical use of state resources available for higher education; planning and development to ensure efficient use of construction funds and orderly development of physical plants;

administration of state student aid programs; and collection, analysis, and dissemination of data.

Organizational Structure. The Coordinating Board is composed of 18 members appointed by the governor, with the approval of the Texas Senate, for overlapping six-year terms; the chairperson and the vice-chairperson are designated by the governor. A Commissioner of Higher Education, appointed by the Board, serves as the chief executive officer of the more than 125 staff members.

The staff is divided into seven primary divisions:

* Division of Financial Planning.
  - develops and recommends formulae to the Governor's Budget and Planning Office and to the Legislative Budget Board for use in determining legislative requests for the equitable financing of public institutions of higher education;
  - recommends tuition policies for all institutions of higher education;
  - prescribes a uniform system of reporting for institutions of higher education;
  - conducts studies of postsecondary education related to manpower training and employment supply/demand, as well as undertakes follow-up studies of postsecondary graduates;
  - studies postsecondary education needs concerning the establishment and financial requirements of institutions of higher education and provides enrollment projections to determine future growth trends; and
  - makes recommendations for effective use of all available resources and the elimination of duplication in program offerings, faculties, and physical plants.

* Division of Senior Colleges and Universities.
  - plans and publishes recommendations for the development of public senior colleges and universities, upper-level institutions, and professional schools;
  - recommends policies concerning the establishment, discontinuance, or uniting of public senior institutions;
  - recommends to the Legislature maximum enrollment limits for each public institution of higher education and for any department, school, degree, or certificate program;
  - approves or disapproves certification of certain private institutions to offer degrees or courses leading to degrees;

- prescribes changes in role and scope of public colleges and universities;
- directs studies of educational needs, student enrollments, and program offerings;
- approves or disapproves requests for new degree and certificate programs offered by public institutions to assure they meet present and future state needs;
- orders the initiation, consolidation, or elimination of programs as needed to achieve excellence or when judged to be in the best interest of the institutions or general requirements of the state;
- develops general policies for academic faculty workloads and services; and
- encourages cooperation between public and private colleges and universities.

* Division of Community Colleges and Continuing Education.

- studies and makes recommendations for the development of public community colleges;
- approves or disapproves off-campus course offerings of public colleges and universities;
- approves or disapproves course offerings in Texas by out-of-state public institutions;
- establishes and administers procedures for the creation of new public community college districts;
- authorizes the creation of public community college districts and adopts standards for the operation of public junior colleges;
- develops core curricula to promote free transfer of credits among Texas institutions; and
- administers and coordinates community service, adult, and continuing education programs.

* Division of Health Affairs.

- contracts with two private medical and dental institutions for the education of Texas students;
- contracts with medical schools, licensed hospitals, or nonprofit corporations to establish and operate Family Practice Residency Training Programs;
- contracts with public and private medical schools for the Fifth Pathway program to provide a year of clinical training for Texas students completing the didactic curriculum in a foreign medical school:
- contracts with the primary teaching hospital affiliated with Texas Tech University School of Medicine; and
- recommends policies concerning the establishment, discontinuance, or uniting of public medical, dental, or other health-related institutions.

* Division of Student Services.
  - administers the Hinson-Hazlewood College Student Loan Program;
  - administers the Tuition Equalization Grants Program;
  - administers the State Student Incentive Grants Program and the Texas Public Educational Grants Program;
  - publishes rules and regulations for determining residency status of Texas college students and for determining tuition rates for foreign students;
  - certifies eligibility for certain waivers of tuition and fees, including reciprocal agreements with other states and countries; and
  - administers the State Student Financial Aid Training Program.

* Division of Campus Planning and Physical Facilities Development.
  - approves or disapproves major new construction, repair, and rehabilitation at public institutions of higher education, except projects specifically approved by the Legislature or those at junior colleges financed from local tax funds;
  - supervises planning, utilization, evaluation, and reporting of academic facilities development in Texas colleges and universities;
  - recommends policies regarding the efficient use of construction funds and orderly development of physical plants;
  - prepares biennial recommendations for the Governor and the Texas State Legislature in regard to physical needs at each campus;
  - administers federal programs relating to facilities construction and equipment grants; and
  - identifies sources of and develops possibilities for federal funds for the improvement of Texas colleges and universities.

* Division of Administration.
  - administers Texas State College and University Employees Uniform Insurance Benefits Program; and
  - collects comprehensive data on Texas colleges and universities to aid in higher education decisionmaking.

1202 Commission

In 1974, pursuant to Section 1202 of the Higher Education Act of 1965 (as amended in 1973), Governor Briscoe created a new State Comprehensive Postsecondary Educational Planning Commission (i.e., 1202 Commission) called the Governor's Advisory Committee on Postsecondary Educational Planning. At that time the higher education staff in the Governor's Office had recommended against the appointment of the Coordinating Board as the 1202 Commission, because it did not view the Board as "broadly and equitably representative" of the Texas postsecondary education system and population. Hence the governor appointed a separate 17-member commission which included representatives from the Texas State Legislature and all postsecondary education sectors (private as well as public), as well as women and racial minorities.

In 1976, following a split recommendation from the Governor's Advisory Committee on Postsecondary Educational Planning, Governor Briscoe transferred the 1202 Commission designation to the Coordinating Board. This authorization was formalized in a bill passed by the Legislature, a bill which also required the representation of the following individuals, agencies, and associations on a newly-established, Board-appointed Advisory Committee:

Commissioner of Education
Texas Employment Commission
Advisory Council for Technical-Vocational Education
Council of Senior College Presidents
Independent Colleges and Universities in Texas
Association of Proprietary Schools
Texas Public Junior College Association
Texas State Technical Institute

The Advisory Committee is chaired by a member of the Coordinating Board. A planning group, composed of staff members from various state agencies, provides staff support to the Advisory Committee under the guidance of a Coordinating Board staff person (Director, Office of Postsecondary

Educational Planning). The Coordinating Board is required either to approve the Advisory Committee's recommendations to the Board or to give its reasons for disapproval in writing to the Committee.

In mid-September 1976, Governor Briscoe outlined five activities for the 1202 Commission (i.e., the Coordinating Board) and its Advisory Committee:

1. Issue releases every spring to describe the employment situation in fields where too many graduates are being produced and in fields where employment opportunities exist.
2. Disseminate information on employment opportunities to local school boards, administrators, associations, and career counselors.
3. Evaluate standards for the approval of teacher education programs.
4. Prevent the creation of additional colleges and universities and restrict the approval of additional degree programs in over-supplied fields.
5. Make special efforts to take into account the resources of private institutions of higher education when new degree programs are proposed by public institutions.

From these priorities, the Advisory Committee has given top priority to the "development and implementation of a comprehensive, coordinated educational supply/demand system" applicable to both vocational-technical and academic programs, which consists of data collection, a methodology to derive trends from the supply/demand data, a dissemination system, and a student information system. By March 1978 two reports projecting employment opportunities for 1977-1983 had been issued,[1] with completion of the entire system planned for 1979.

Interestingly, the Advisory Committee has deferred any consideration of the development of long-range postsecondary education plans, goals, and objectives until "such time as more complete supply/demand information is available and problem areas are thoroughly identified." The extent to which the supply/demand system will provide the basis for this long-range planning is still unclear, however, as is the ability of the Advisory Committee to address the difficult issues associated with virtual stabilization in the growth of higher education in the state.

Moreover, although Governor Briscoe, the Texas State Legislature, and some 1202 Commission members view the Commission as the primary state-level facilitator to match postsecondary education with employment opportunities, other key actors and agencies (e.g., Coordinating Board staff and the higher education staff in the Governor's Budget and Planning Office) do not support enthusiastically the use of supply/-demand systems over other criteria in planning the development of all higher education. Although these and other education staff persons recognize the need to control more closely the expansion of programs, they are concerned that senior colleges and universities not become vocational-technical schools, for a one-to-one relationship between a person's first job and his/her career may not exist.

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[1] State 1202 Commission. Texas Postsecondary Educational Supply and Demand Information System: Preliminary Report, Coordinating Board, Texas College and University System, Austin, Texas,May 1977 State 1202 Commission. Postsecondary Educational Supply and Occupational Demand in Texas for the Period of 1977-1983, Coordinating Board, Texas College and University System, Austin, Texas,March 19

As is evident, then, the role and importance of the Advisory Committee and the 1202 Commission remain unclear. Little change is anticipated until the inauguration of a new governor in January 1979.

State Board of Education; Texas Education Agency

The State Board of Education was created in 1949 as a result of the Gilmer-Aikin Act. As part of a central education agency the Act also created the Texas Education Agency as a staff for the Board, with a Commissioner of Education as the highest appointed official.

As the State Board for Vocational Education, the State Board of Education is reponsible for the creation and administration of vocational education programs (including those at the postsecondary level), and for the allocation of all vocational education funds appropriated by the Texas State Legislature or allocated by the federal government.

The Advisory Council for Technical-Vocational Education is a 24-member council appointed by the State Board of Education (based upon the recommendations of the governor) and confirmed by the Texas Senate. The Council's broad purpose is "to establish a climate conducive to the development of technical, vocational, and manpower training in educational institutions in the State of Texas to meet the needs of industrial and economic development of the State."

Since the responsibilities of the Coordinating Board and the State Board of Education overlap in the area of postsecondary vocational-technical education, two interagency committees exist to coordinate the agencies' activities. The Joint Committee, authorized by statute, is composed of nine members -- three from each of the Coordinating Board, the State Board of Education, and the Advisory Council for Technical-Vocational Education. The Joint Committee coordinates the approval and funding of postsecondary vocational and technical programs. The Joint Program Review Committee, created by necessity rather than statute, has as its members vocational education staff representatives from the Coordinating Board staff and the Texas Education Agency. Neither committee is responsible for institutional or facilities planning.

The Proprietary School Advisory Commission is composed of nine members appointed by the State Board of Education. The Commission makes recommendations to the Board on state policies and regulations affecting the operation of proprietary schools.

Governing Boards For Institutions

From a single public institution of higher education in the mid-1800s have evolved not only dozens of colleges and universities but also dozens of statutory boards responsible for the governance of Texas public colleges and universities. By the mid-1970s Texas had 64 such boards. Forty-seven (47) of these boards govern 52 junior college districts, with board members elected locally. The four-campus Texas State Technical Institute (TSTI) is governed by a nine-member lay board appointed by the governor and confirmed by the Texas Senate. The nine members of each of the remaining 16 senior college and university boards are appointed and approved in the same manner. Half of these 16 boards now have responsibility for more than one institution, as compared to only three such boards in 1968; this reflects the recent trend to place new institutions under existing boards. As an illustration of the range of responsibilities of these boards, the Board of Regents of The University of Texas System now oversees about 90,000 students in more than 25 institutions, while the Board of Regents of Texas Eastern University oversees a single institution having less than 2,000 students.

The University of Texas. A detailed look at the operation of one governing board -- namely, the Board of Regents of The University of Texas -- and the associated management structure provides a clearer understanding of the role played by such boards in the higher education governance process. The Board of Regents has had vested in it by the Legislature the government of the University. The nine regents meet quarterly, carrying out much of their work through standing committees on System Administration, Academic and Developmental Affairs, Health Affairs, Buildings and Grounds, Medical Affairs, and Land and Investment. All regents are members of each standing committee. Committee chairpersons are appointed by the chairperson of the Board.

The System Administration Committee has authority to act for the Board between meetings on matters affecting the budget, organization, role, and operation of the System Administration.

The Academic and Developmental Affairs Committee makes recommendations on such matters as academic policy, student activities, and libraries of the University System.

The Buildings and Grounds Committee recommends actions relating to the acquisition and use of land and the construction, expansion, and use of physical facilities throughout the System. All new construction over $5,000 and remodeling over $50,000 must be reviewed and approved by the Board.

The Land and Investment Committee is responsible for the investments of the Permanent University Fund and all trust and special funds, the management of the System's land holdings, and the issuance of bonds. Two Board members not employed directly or indirectly by any oil or gas company serve on the Board for Lease of University Lands.

Formally, the Chancellor is the chief officer of the University System, responsible for development, general policy, and general academic planning. The "general" nature of this position is due to a recent reorganization which delegated most of the Chancellor's former duties to a new position, that of President of the System. The Chancellor resigned in June 1978, and the current President also is acting in this capacity.

The President is the chief operations officer and is delegated the power and authority to govern the System. The chief administrative officer in each System institution (e.g., President, The University of Texas at Austin) reports to and is responsible to the President. The President acts as the "agent of the Board in implementing policies of the Board" and advises the Board on all System matters. He/She represents the System and its institutions before the Texas State Legislature, the Coordinating Board, and other state and federal agencies. The President may recommend changes in organization or procedures at a System institution.

Key System officials include six vice presidents (Academic Affairs, Health Affairs, Administration, Operations, Business Affairs, General Counsel); an Executive Director for Investments, Trusts, and Lands; a Director for Public Affairs; a Director for Facilities Planning and Construction; a Budget Director; and a Comptroller.

Several System-wide councils provide the President, the Chancellor, and the Board with assistance and information.

The University Development Council, composed of the Chancellor and the chief administrative officers of the institutions, reviews development activities (e.g., private gifts and grants). The Council of Academic Institutions is composed of the President, the Vice President for Academic Affairs, and the chief administrative officers of academic institutions in the System, with a Council of Health Institutions having a parallel composition. The Business Management Council, composed of the Vice President for Business Affairs and institutional business officers, advises the President on budgets, data processing, physical plant operations, planning, construction, and accounting systems development.

Each System institution is governed by its administrative officers. The chief administrative officer of an institution is selected through a process in which an advisory committee makes recommendations to the Board of Regents. Such an advisory committee is composed of the Chancellor, the President, one Vice President of the System, three chief administrative officers from component institutions, three regents, five faculty members from the institution involved, one dean from the institution, two students from the institution, and the president of the institution's ex-student association. The advisory committee does not recommend a preferred candidate, but reviews potential candidates and suggests several for

Board consideration. If no names submitted to the Board are viewed as satisfactory, the Board may appoint a new advisory committee or (should it so choose) make an alternate selection.

The Board expressly prohibits the chief administrative officers or other representatives of System institutions from making independent recommendations concerning administrative matters to the Texas State Legislature.

III. STUDENT FINANCIAL ASSISTANCE POLICIES AND PROGRAMS IN TEXAS

Student financial assistance programs are a relatively recent development both at the federal level and in Texas. For instance, not until approximately 100 years after the passage of the (first) Morrill Act in 1862 did the federal government begin to initiate several broad student aid programs. (The 1944 Servicemen's Readjustment Act was providing G.I. benefits but program eligibility was quite restricted.) In 1958 the National Defense Education Act initiated a college loan program and graduate fellowships. 1964 marked the start of the College Work-Study (CWS) program. The 1965 Higher Education Act started a new Educational Opportunity Grants (EOG) program, with the 1972 Amendments further expanding the number and size of the federal grant programs. Increasingly the federal government has emphasized student assistance programs (grants, CWS, and loans) as a primary means of supporting the higher education system and of improving student access and choice.

The states, too, have increased substantially their support of student financial assistance programs as a means to enhance student access and choice in higher education. This emphasis is no less true in Texas than in other states, although funding levels in these other states often are higher. Whereas traditionally public institutions in Texas have relied primarily upon state appropriations (and local funds, in the case of community colleges) and independent institutions on tuition, endowments, and gifts, students in both sectors depend more and more upon student financial aid programs to furnish the resources for tuition and other college costs. While state appropriations to institutions continue to rise, so have federal and state student aid levels in Texas. And as the fiscal and demographic trends become more real to Texas decisionmakers, need-based student aid programs may be one of the state programs least vulnerable to reduction.

This chapter seeks to examine the role played by state government in higher education through its tuition policies and its student aid policies and programs. Because the various state programs vary significantly in scope, eligibility, and funding levels, each program (and its effects on access and choice) will be considered separately. These program discussions follow an overview of both federal and state student assistance in Texas.

Student Cost and Tuition Policy in Texas Higher Education

The higher education system in Texas, as described in Chapter I, not only is one of the state's largest industries but also continues to require increasing levels of financial support from state government to finance its operation. For example, total state expenditures grew by 241 percent between 1966-1967 and 1976-1977. Even more impressive, as reported by M. M. Chambers of Illinois State University, is the 349 percent increase (138 percent after adjustments for inflation) in state tax funds appropriated in Texas for higher education operating expenses and scholarship programs between 1967-1968 and 1977-1978 --- an increase that placed Texas sixth highest among all states and far ahead of all other major states. (Only Alaska, South Carolina, Alabama, Mississippi, and Arizona had higher percentage increases during this decade.)

One factor contributing to this increase in state appropriations has been program expansion, which (according to state sources) has accounted for approximately one-third of the increase. Another factor has been the impact of inflation on the dollar. An even more important factor, however, has been the state's rapid higher education enrollment increases in the past decade or two.

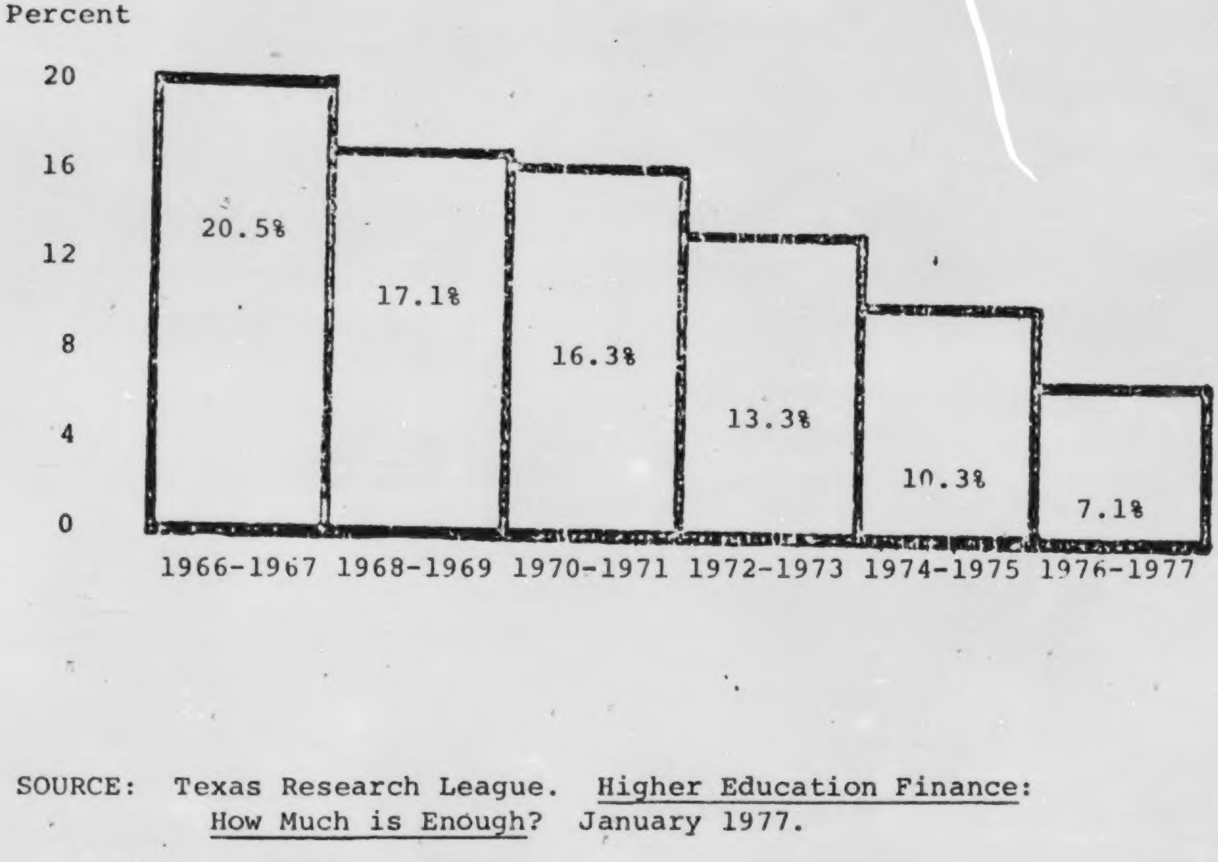
Given the importance of this last factor, a corresponding significant increase in student cost in Texas higher education might have been expected. This has not been the case, however. The percentage of higher education expenditures borne by the student in Texas has decreased dramatically between 1966 and 1977 (see Figure III-1), with the result that state appropriations have had to play an increasingly larger role.

The major reason for this decline in the percentage of institutional funding borne by student cost has been the modest levels of and increases in resident student tuition and required fees in Texas' public institutions. Although several actions of the Texas State Legislature have further diminished the student tuition funds available to an institution for op-

FIGURE III-1

PERCENT OF SENIOR COLLEGE EXPENDITURES FUNDED FROM INSTITUTIONAL INCOME

(1966-1975: Actual; 1976-1977: Appropriated)



SOURCE: Texas Research League. Higher Education Finance: How Much is Enough? January 1977.

erating expenses,* this continuing relatively low level of student cost remains a prime consideration in the institutional funding equation.

In this section the state's policies and practices with regard to tuition and required fees in public institutions are considered. An important element of total student cost, tuition and required fees (TRF), in Texas' private institutions also is examined briefly. Of particular importance is the coordination (if any) that exists in the promulgation and implementation of these (and other) student cost policies. Subsequent sections in this chapter look at student aid programs in Texas, the relationships that exist between these aid programs and the state's TRF policies, and current issues of importance in this area.

Student Cost: An Overview. In general, Texas students traditionally have found it less expensive to attend a public or private institution of higher education in Texas than a similar institution elsewhere in the nation. In 1975-1976, for example, the national average student cost (tuition and fees, plus room and board and other expenses) for a resident student (as compared to a commuter student) was $2,679 and

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* For example, in 1971 and 1973 the Legislature authorized certain institutions to use tuition income to pledge against bond issues for construction; in 1976-1977 this reduced total general revenue funds by a total of $33.4 million. Another example is the Tuition Revenue Scholarships/Texas Public Educational Grants program, which establishes a scholarship fund in each public institution funded by a portion of each student's credit-hour charges (see the section on Texas student aid programs).

$ 4,391 at four-year public and private institutions, respectively. Corresponding costs that year for a Texas student in one of the state's senior institutions were 13 percent less and 23 percent less, respectively, according to data compiled by the Southwest Regional Office of the College Entrance Examination Board. Recent data indicate that Texas student cost levels continue to be less than the national averages. Table III-1, with its detailed listing of 1978-1979 TRF levels in a representative sample of Texas institutions of higher education and the comparison of these levels with national averages, illustrates this fact very clearly.

Certainly student costs in Texas have risen over the past decade. Over the period 1965-1975, for example, average total student cost in the state's four-year private institutions almost doubled, while in the state's four-year public institutions the increase was 75 percent. And percentage increases in the TRF component of total student cost have been even greater -- more than 120 percent over this same time period in each of these two institutional sectors.

Yet the fact remains that student cost levels -- and TRF levels -- have remained low in Texas. (Even a large percentage increase will be minimal if the initial level is small.) Hence the primary matters of concern in this section will be the state's TRF policies and the impact of these policies on public-private student cost differentials. (Later discussions of student aid programs will look again at these issues.)

TABLE III-1

RESIDENT STUDENT TUITION AND FEES: 1978-1979

(National Average as Compared to 53 Texas Institutions)

Type of Institution	Tuition and Fees	Added Out-of-State Tui
PUBLIC		
Two-Year		
National Average	$408	
Texas Institutions:		
Angelina College	$295	$ 20
Bee County College	200	100
Del Mar College	200	120
Frank Phillips College	270	-
Hill Junior College	254	40
Laredo Junior College	254	300
McLennan Community College	240	24
Navarro College	340	100
North Harris Co. College	175	120
Odessa College	260	55
Southwest Texas Jr. College	360	504
Tarrant Co. Jr. College	170	90
Temple Jr. College	266	100
Vernon Regional Jr. College	225	280
Western Texas College	250	150
Four-Year		
National Average	$651	
Texas Institutions:		
East Texas State University	$400	$860
Laredo State University	285	682
Midwestern State University	400	1,080
North Texas State Univ.	400	1,080
Prairie View A&M Univ.	632	1,296
Southwest Texas State Univ.	396	1,080
S.F. Austin State Univ.	310	1,080
Texas A&I Univ.-Corpus Christi	360	-
Texas Eastern University	289	860
Texas Southern University	400	1,080
Univ. of Houston-Victoria	240	860
U. of Texas-Arlington	400	1,070
U. of Texas-Austin	410	1,080
U. of Texas-El Paso	320	960
U. of Texas-San Antonio	485	431
West Texas State Univ.	320	1,080

SOURCE: College Scholarship Service (see The Chronicle of Higher Education Deskbook: 1978-79, pp. 122 and 129).

TABLE III-1 (Continued)

RESIDENT STUDENT TUITION AND FEES: 1978-1979

(National Average as Compared to 53 Texas Institutions)

Type of Institution	Tuition and Fees
PUBLIC -?	
Two-Year	
National Average	$1,930
Texas Institutions:	
Lon Morris College	1,298
Schreiner College	1,465
S.W. Assemblies of God College	1,213
Four-Year	
National Average	$2,647
Texas Institutions:	
Abilene Christian College	1,765
Austin College	2,950
Baylor University	2,010
Bishop College	2,100
Dallas Baptist College	1,500
Houston Baptist University	1,690
Huston-Tillotson College	1,230
Jarvis Christian College	2,400
Lubbock Christian College	1,722
Mary Hardin-Baylor College	1,420
Our Lady of the Lake College	2,045
Rice University	2,615
Southern Methodist University	3,138
Southwestern University	2,250
Texas Christian University	2,880
Texas College	1,510
Texas Lutheran College	2,190
Trinity University	2,604
Wiley College	1,930

SOURCE: College Scholarship Service (see *The Chronicle of Higher Education Deskbook: 1978-79*, pp. 122 and 129).

Tuition and Required Fees: Public Institutions. During the past decade a major change has occurred in the types of required student charges in Texas public higher education. Required fees are replacing tuition fees as the principal means whereby students are assessed charges. For example, at the state's primary public institution, The University of Texas at Austin, tuition levels have increased barely 20 percent over the past decade, while required fees have risen nearly 500 percent. In 1968-69, resident tuition at The University of Texas at Austin accounted for approximately 67 percent of the total TRF. By 1978-79, the percentage of tuition fees to total TRF had dropped to less than 29 percent. Similar patterns exist for nearly all public institutions in the state.

The principal reason underlying this change in educational finance policy has been the reluctance on the part of the Texas Legislature to raise tuition levels. Increasing tuition levels, to state the issue mildly, is politically unpopular in the State of Texas. Bills have been introduced in nearly every recent legislative session to increase tuition levels. Most have failed to even make it out of committee. Instead, the Legislature has taken the politically safer route of adding to and increasing the levels of the various required student fees. One effect of this policy has been a substantial loss in general state revenues and a subsequent increase in institutional control of finances. (Under Texas education statutes, tuition fees revert to the general revenue fund; all other fees are retained by the institutions.) For example, if the ratio between tuition and total TRF had remained at the same level in 1978 as in 1968, the state's 1977-1978 general revenue fund would have increased by over $10 million solely on the basis of The University of Texas at Austin resident student charges.

Vested in the Texas State Legislature is the authority and responsibility to establish tuition policies and levels in Texas' public colleges and universities. Tuition levels in public senior institutions first were mandated by the Legislature in 1933. Texas residents were required to pay $25 tuition per semester, with non-resident students paying $75 per semester. Since that time, the Legislature has continued its strong emphasis on access by maintaining low tuition rates in both junior and senior (public) institutions.

Only two major tuition changes in public senior institutions have occurred since the 1930s, and each reflects the continuing legislative (and state) concern for and policy of access. In 1957, the Legislature raised semester tuition rates for Texas residents and non-residents to $50 and $200, respectively. Then in 1971 the present tuition structure was established. At that time the Legislature dropped the uniform tuition rate and instituted semester credit-hour rates of $4 per credit-hour for residents (with a $50 per semester minimum) and $40 per credit-hour for out-of-state students (with a $200 per semester minimum).

Junior college districts in the state have more autonomy than public senior institutions in establishing their tuition rates. The State Legislature establishes a minimum level of student tuition, with the local district governing body given the flexibility to charge higher (but not lower) rates should it so choose. Tuition levels do not vary significantly among junior college districts, however, as is suggested by Table III- 1.

In addition to tuition, Texas public institutions are permitted to collect various compulsory and voluntary fees from their students. Fees generally levied include student service fees, building use fees, laboratory fees, and medical services fees. Traditionally, the state policy regarding fees has been that the State Legislature will set maximum (and sometimes minimum) levels, leaving institutional governing boards the authority to set specific charges within these limits. As a result, fee charges in the state's public institutions vary considerably. This, too, is evident in Table III- 1, since the public senior institutions' TRF levels differ yet tuition levels are the same. For example, the 1978-1979 difference in tuition and required fees for a Texas resident attending Laredo State University ($285) and Prairie View A. & M. University ($632) is considerable (see Table III-1). Out-of-state TRF levels at these two public institutions also differ considerably -- $682 and $1296, respectively.

(a) Student Service Fees. Student service fees are defined as "textbook rentals, recreational activities, automobile parking privileges, intramural and intercollegiate athletics, artists and lecture series, cultural entertainment series, debating series, student publications, student government and associated student activities approved by the appropriate governing board." Not all of these fees need be classified as compulsory. The total amount of student service fees that an institution may charge a student for any one semester is $30. For example, student service fees levied on students at public senior institutions in 1974 ranged from $5 to $30 per semester.

(b) Building Use Fees. Texas public institutions are allowed to levy building use fees for the "occupancy, service, use, and/or availability of all or any of its property, buildings, structures, activities, operations or other facilities...." Income generated from this fee is used by the institution to pledge against bond issues for construction of academic facilities. The institutions are not allowed by law to levy building use fees exceeding $6 per semester hour, but a number of exceptions exist. For example, an institution's governing board may waive the fee in the case of a resulting serious economic hardship. However, the total waivers may not exceed 5 percent of the total student enrollment. Also, the Legislature may authorize certain institutions to levy fees in excess of the $6 limit. To illustrate the wide variance in the level of these fees, the range of building use fees charged to full-time students in public institutions in 1974 varied from a low of $0 per semester at six institutions to a high of $162 at The University of Texas at Austin.

(c) Medical Services and Laboratory Use Fees. With prior permission from the State Legislature, the governing board of a public institution may decide to levy and collect from each student a medical services fee not to exceed $15 per semester. Laboratory use fees of not less than $2 per semester and not more than $8 per semester may be required for each laboratory course taken by a student.

Public-Private Differences in Student Costs. As in other states, policies regarding tuition and fee structures in Texas private colleges and universities are entirely the responsibility of each institution's governing body. Thus there is little relationship between public and private TRF levels, except that certain private institutions may limit their TRF increases in order to stay competitive with nearby public institutions. The range of 1978-1979 tuition and required fee levels in Texas private institutions is shown in Table III-1.

Since 1970 annual student costs in private institutions in Texas have remained almost 50 percent greater than comparable costs in Texas public institutions. The actual dollar difference has grown increasingly larger, however. Whereas in the early 1970s the difference in average academic-year total student expenses between public and private institutions for Texas residents was less than $1,000, by 1976-1977 this difference had risen to $1,515 ($4,677 less $3,162) for commuter students and $1,525 ($4,191 less $2,666) for students living on campus (per Coordinating Board figures).

This trend has not gone unnoticed by legislative policymakers. As one staff person remarked, "The more we dig into this issue, the greater the problem we see in the tuition disparity between public and private institutions." In the case of a few legislators, this issue has led to increased concern for providing additional student financial aid options to needy students attending private institutions.

Lack of Agreement and Coordination on Student Cost Policies. There is no central coordination of student cost policies in Texas higher education. The three primary decisionmakers -- the Coordinating Board, the Texas State Legislature, and the individual institutions (public as well as private) -- act relatively independently in making their student cost-related decisions.

To elaborate, first consider the Legislature's role and concerns. The Texas Legislature establishes the tuition levels for public senior institutions and to some extent the tuition range for public junior institutions. It also establishes permissible ranges for compulsory fees in these institutions.

However, no consensus tuition and fees policy exists in the Legislature. Its members are divided over the role of higher education. Conservative legislators generally believe that tuition levels should reflect more accurately the real costs of higher education currently borne to a large extent by the state and should be raised substantially. A staff aide of the current Speaker of the Texas House of Representatives, for example, stated that the Speaker believes that "higher education is a privilege rather than a right" and that the state "should not be in the position of subsidizing each student by over $2,000 annually."

On the other hand, moderate and liberal legislators generally have supported the view that, while tuition levels may need to be increased to account for inflationary effects, the levels should remain low as a matter of public policy. Reasons cited for this position include the resulting increased access by low-income groups to public higher education and the beneficial effects of higher education on the state's economy. In fact, some legislators believe there should be no public institution tuition. The Chairman of the Texas Senate Education Committee, for example, has stated: "My feelings on tuition policy are simple; we shouldn't have any -- not just low tuition, but no tuition."

Until now, the low-tuition policy has prevailed in the Legislature. But every session of the Legislature has brought attempts to increase tuition levels. Moreover, Legislative Budget Board analysts state that "increasing limitations of the state budget, the possibility of the abolition of the state ad valorem tax fund for college construction, and the continuation of double-digit inflation could change the situation in 1979." The outcome is impossible to predict, however, and the issue may well be decided through political trade-offs rather than through thoughtful deliberation.

As for the Coordinating Board, it is not empowered to establish tuition levels or fees. The Board is permitted by statute to make both informal and formal recommendations to the Legislature, but the impact of these recommendations is unknown -- and probably minimal.

The Board's position with respect to the role of tuition in financing higher education (as viewed through the Board's formal recommendations) has shifted substantially since 1970. In its 1971 policy paper on "Tuition and Fees in Texas Public Colleges and Universities," the Board called for a large increase in tuition levels for both public senior and public junior institutions. More specifically, it proposed tuition levels of $125 per semester for Texas residents and $500 per semester for out-of-state students in public senior institutions; required fees would have increased the cost even more. Junior college tuition was to be set at a level not exceeding 75 percent of the Texas resident tuition for public senior institutions. Citing the declining ratio of student cost to total higher education operating cost, the Board further recommended that tuition be designed to produce income equal to approximately 25 percent of the total educational and general appropriations needed per student and in the future should be increased periodically to continue to provide 25 percent of such resources. Non-resident tuition levels were to cover the full 100 percent of educational and general appropriations. The Board's paper made no specific recommendation concerning the general level of required fees, in spite of their importance in total student cost. As for the impact of the Board's policy paper in the Legislature, there was none. The revised tuition policy that emerged from the Legislature in 1971 (and that was reviewed earlier in this study) bore no relationship to the Board's position.

Then, in its 1975 publication Texas Higher Education: 1968-1980, the Coordinating Board reversed its earlier formal position concerning tuition policy. Citing the importance of access to higher education for financially needy Texans and the generally rising cost to the student of education, the Board now recommended that "the portion of higher education cost paid by students be maintained at the lowest level consistent with good state policy." The Board also reversed its policy on fees and recommended the development of procedures that would lead to uniform rates for required fees.

Clearly, then, the Coordinating Board currently supports the "low tuition, increased access" position. Coordination with the Legislature on the development and implementation of this policy is scarcely existent, however; nor is it clear to what extent the Board adapts its position to conform to legislative trends rather than acts as an advocate for its independently-derived positions.

The third actor is the institutional sector. Under the present structure, the individual public institutions maintain a significant degree of autonomy in determining the level of student cost and make their decisions from an institutional, not a state, perspective. Nor does the establishment of private institution tuition levels involve the state government or take into explicit account the state's student aid programs.

In short, no jointly-conceived explicit tuition policy exists in Texas. Certainly tuition and broader student cost decisions are made, and hence reflect majority concerns and interests. Yet systematic coordination and agreement is lacking. Also apparently lacking are explicit relationships between TRF policy and state student aid policies, as is suggested by the review in the next section on the state's student aid programs.

Overview: Federal and State Student Aid Programs

Table III-2 provides an overview of the student financial aid awarded by the federal government and the State of Texas to Texas students over the past decade. In both 1968-1969 and 1973-1974, for example, the federal government provided about 72 percent of the aid awarded to Texas students. In recent years, however, the rapid growth of the Basic Educational Opportunity Grants (BEOG) program has increased the federal share of student assistance to the point that in 1976-1977 the state's share had declined to less than 16 percent. Using BEOG data from The College Board (which varies somewhat from the Table III-2 data, as noted in footnote (c) in Table III-2), Table III-3 provides more detailed information on the distribution of BEOG awards in Texas in 1976-1977.

Other distinctions between the federal and state programs in Texas also can be seen in Table III-2. Throughout the late 1960s and early 1970s, state-provided aid was distributed primarily in the form of loans. Of the approximately $12 million distributed by the State of Texas in 1968-1969, nearly 85 percent was in loans, with the rest of the funds distributed under tuition exemption statutes. That same year, only 55 percent of federal assistance in Texas was through loans. The primary cause of this difference was the lack of a state-level general grant program in Texas. By 1973-1974, the distribution had changed, with 73 percent of federal assistance and only 65 percent of state assistance in the form of loans. This shift at the state level toward a smaller loan share continued through 1976-1977 (see Table III-2), while among the federal programs that year an even greater shift of this type had occurred.

Differences also exist with respect to the institutional affiliation (i.e., public or independent) of the recipients in Texas of federal and state assistance. In each of 1968-1969 and 1973-1974 approximately 50 percent of non-GSL federal student aid in Texas was awarded to students in independent (i.e., private) institutions, in spite of the fact that less than 20 percent of the state's total collegiate population was enrolled in independent institutions in each of these years.

TABLE III-2

FINANCIAL ASSISTANCE AWARDED TO TEXAS POSTSECONDARY EDUCATION STUDENTS (a)

PROGRAMS	LEVELS OF ASSISTANCE ($000) 1968-1969	1973-1974	1976-1977
Federal:			
(1) Guar. Stud. Loans	$ 9,708	$44,726	$44,000 (b)
(2) Natl. Direct Stud. Loans	8,145	15,345	11,187
(3) College Work-Study	8,448	14,062	23,647
(4) Educ. Oppor. Grants	5,917	8,466	-
(5) Basic Educ. Oppor. Grants	-	-	86,888 (c)
(6) Supp. Educ. Oppor. Grants	-	-	11,046
(7) State Stud. Incent. Grants	-	-	2,421
Subtotal	32,218	82,599	179,189
STATE OF TEXAS:			
(1) Hinson-Hazlewood Loans	10,489	20,415	13,851
(2) Tuition Equal. Grants	-	3,000	9,000
(3) Tx. Pub. Educ. Grants	-	-	3,072 (d)
(4) Tuition Exempt. Scholarships	1,869	8,188	7,152
Subtotal	12,358	31,603	33,075
TOTALS	$44,576	$114,202	$212,264

Notes:

(a) Excludes student aid received from Social Security Administration and Veterans Administration programs.

(b) Estimate by Coordinating Board staff; somewhat greater than College Board estimate of $38.1 million for 1976-1977. Also, Coordinating Board informed by HEW in September 1978 that GSL totals collected on regional basis only, with state outlays unavailable.

(c) The College Board total here is $78,260,271 (see Table III-2).

(d) Includes $1,038,448 used to match federal funds in the public institution portion of the state's SSIG program.

SOURCES:

1968-1969 and 1973-1974: Coordinating Board, Texas College and University System.

1976-1977: Coordinating Board, Texas College and University System; U.S. Community Services Administration, Geographic Distribution of Federal Funds in Texas, FY 1977.

TABLE III-3

BASIC EDUCATIONAL OPPORTUNITY GRANT AWARDS TO TEXAS STUDENTS: 1976-1977

PUBLIC INSTITUTIONS		
Universities and 4-Year	$33,592,527	
2-Year	24,325,183	
Other	71,650	
Subtotal		57,989,360
PRIVATE (INDEP.) INSTITUTIONS		
Universities	4,704,039	
4-Year	8,885,652	
2-Year	1,138,424	
Other	3,013	
Subtotal		14,731,128
PROPRIETARY INSTITUTIONS		5,539,783
TOTAL		$78,260,271*

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*As noted in Table III-2, Note (c), a slightly larger total is given in the U.S. Community Service Administration publication Geographic Distribution of Federal Funds in Texas, FY 1977.

SOURCE: The College Board.

About one-fourth of the state aid in 1973-1974 went to students in independent institutions. By 1976-1977, however, with less than 15 percent of Texas students enrolled in private colleges and universities, over 40 percent of the state's assistance went to these students, as well as approximately 30 percent of the non-GSL federal student dollars.

Appendix B contains several additional tables, prepared from data provided by The College Board, that characterize the Texas recipients of federal student assistance in 1971-1972 and 1975-1976 (e.g., by income level, by sex, by federal program). These tables, used in conjunction with Coordinating Board publications (e.g., Texas Higher Education: 1968-1980; FY 1976 Annual Report: Statistical Supplement), would permit additional federal-state student assistance inferences to be drawn.

With respect to the current year, student assistance totals for 1978-1979 are not yet fully available. However, the August-September 1978 issue of American Education lists funds distributed to Texas for 1978-1979 for the three campus-based programs as:

National Direct Student Loans (NDSL)	$ 9,415,684
College Work-Study (CWS)	22,874,792
Suppl. Educ. Oppor. Grants (SEOG)	12,103,256

A comparison with Table III-2 shows that, at least with respect to these programs, federal assistance has varied little in the past two years.

Texas Student Assistance Programs

Non-federal student financial assistance in Texas is available from a number of sources. For instance, private sources play a small but undetermined role. The magnitude of this assistance varies by institution, but most such assistance generally is awarded on the basis of need. At The University of Texas at Austin, for example, private financial aid amounts to only about four percent of the total financial aid budget. (Aggregate state figures for private financial aid are not available.)

The majority of non-federal aid distributed to Texas students comes from the State of Texas. This assistance is awarded under one major loan program (Hinson-Hazlewood College Student Loans), three grant programs (Tuition Equalization Grants, State Student Incentive Grants: Private, and Texas Public Educational Grants - State Student Incentive Grants), and several statutory tuition and fee exemption programs. A fourth grant program (Texas Assistance Grants) has been authorized by legislation but never funded. (Not considered here will be a few minor financial aid programs that provide aid to small groups of students, e.g., Lyndon B. Johnson School of Public Affairs fellowships and the Rural Medical Loan Program.)

With the exception of the categorical tuition and fee exemption programs, state financial aid programs are need-based and campus-based. These latter programs all are administered by the Division of Student Services of the Coordinating Board staff. Tables III-4 through III-6 provide an overview of eligibility and need determination criteria for each of these programs. Greater detail on these major programs and their recipients are provided in the sections that follow.

TABLE III-4

STUDENT ELIGIBILITY CRITERIA FOR STATE PROGRAMS

-TEXAS STUDENT ASSISTANCE PROGRAMS -

Programs	Acceptable Residency Status	Acceptable Attend. Status	Acceptable Student Levels	Special Priority to Cont'g. Awards	Income Limits	Need Limits
Need-Based						
Grants						
Tuition Equalization Grant	Residents attending In-State	Full-Time	All	No	Not Applicable	Not Applicable
State Student Incentive Grant Program-Private Schools	Residents attending In-State	Full-Time	All Undergraduates	No	Not Applicable	Not Applicable
Texas Public Educational-State Student Incentive Grant	Residents attending In-State and Non-Residents	Full-Time	All Undergraduates	Not Given	Not Applicable	Not Applicable
Texas Assistance Grant Program	Residents attending In-State and Non-Residents	Full-Time	All	No	Not Given	Not Given
Loans						
Hinson-Hazlewood College Student Loan	Residents attending In-State	Half-Time Full-Time	All	No	No Limit	$50
Non Need-Based						
Tuition and Fee Exemption Programs	Residents attending In-State	Half-time Full-Time	All	No	Not Applicable	Not Applicable

SOURCE: Information distributed by Sloan Commission on Government and Higher Education.

TABLE III-5

INSTITUTIONAL ELIGIBILITY CRITERIA

- TEXAS STUDENT ASSISTANCE PROGRAMS -

Programs	University and 4-Year Colleges	Community/ Junior Colleges	Voc./Tech. Schools	Proprietary	Special Types of Institutions
Need-Based					
Grants					
Tuition Equalization Grant	Private	Private	No	No	No
State Student Incentive Grant Program-Private Schools	Private	Private	No	No	No
Texas Public Educational-State Student Incentive Grant	Public	Public	No	No	No
Texas Assistance Grant Program	Public Private	Public Private	No	No	No
Loans					
Hinson-Hazlewood College Student Loan	Public Private	Public	Public	No	No
Non Need-Based					
Tuition and Fee Exemption Program	Public	Public	No	No	No

TABLE III-6

NEED DETERMINATION CRITERIA FOR STATE PROGRAMS

- TEXAS STUDENT ASSISTANCE PROGRAMS -

Programs	Program Definition of Need	Is BEOG Application Required?	Expected Family Contribution (EFC) Method	Student Budget Includes What Items?
Need-Based				
Grants				
Tuition Equalization Grant	Inability to meet the costs of education.	No	Uniform Methodology	General Student Costs
State Student Incentive Grant Program-Private Schools	Inability to meet estimated educational costs.	No	Uniform Methodology	General Student Costs
Texas Public Educational-State Student Incentive Grant	Inability to meet estimated educational costs.	No	Uniform Methodology	General Student Costs
Texas Assistance Grant Program	Inability to meet estimated educational costs.	Not Given	Not Given	General Student Costs
Loan				
Hinson-Hazlewood College Student Loan	Need = Estimated Educational Cost - Applicant's Resources	No	Income Tax, BEOG, CSS, ACT, Locally Developed USOE Approved	Tuition/Fees Room/Board Books Transportation General Student Costs

SOURCE: Information distributed by Sloan Commission on Government and Higher Education.

Statutory Tuition and Fee Exemptions. Prior to the mid-1960s, the only state-sponsored student aid programs were categorical tuition waivers for selected classes of students in public institutions. In 1964-1965, tuition and fee exemptions totalling $338,697 were received by 9,344 students. Among the individuals eligible for waivers were certain military veterans, Texas high school valedictorians, and deaf or blind students. Table III-7 illustrates how these exemptions have increased over the past decade. Since 1965 the number of statutory exemption programs has increased from 9 to 18; the annual number of awards has increased by over 400 percent; and monetary equivalent of the awards has increased by more than 2,000 percent. But note that although the percentage of students enrolled in two-year institutions in Texas has increased over this period from 23 percent to 46 percent of total public sector enrollment, tuition and fee exemptions awarded to junior college students has remained relatively stable at approximately 23 percent.

"Waivers" for non-resident students of tuition and fees in excess of resident-level charges account for the major portion of this student assistance. Such non-resident recipients include military personnel, students receiving competitive scholarships, teachers, certain foreign students, and institutionally-employed college students. These waivers accounted for more than 80 percent of state categorical student as-

TABLE III-7

TUITION AND FEE EXEMPTION PROGRAMS: TEXAS

- PUBLIC INSTITUTIONS -

YEARS	JUNIOR COLLEGES		SENIOR INSTITUTIONS		TOTAL	
	AWARDS	$ EQUIVALENT	AWARDS	$ EQUIVALENT	AWARDS	$ EQUIVALENT
1964-1965	1,445	77,629	6,454	261,068	7,899	338,697
1971-1972	2,794	289,625	9,318	1,494,364	12,112	1,783,988
1973-1974	16,794	1,434,310	19,091	5,918,715	35,885	7,352,312
1975-1976	13,406	1,462,654	20,279	6,419,715	33,685	7,882,369
1976-1977	17,962	1,601,655	22,857	5,550,757	40,819	7,152,412

SOURCE: Coordinating Board, Texas College and University System.

sistance in 1976-1977.

The categorical tuition and fee exemptions generally are not based upon student need. An exception to this is the statutory authority of institutions to waive both student service and building use fees in cases where undue hardship would result. An institution may grant these fee waivers only to five percent of its total student enrollment -- yet this need-based exemption did provide nearly one-half million dollars of student assistance in 1976-1977. Of this amount, however, two-year institutions availed themselves of less than one-tenth of one percent of the total awards of this type.

The classification of tuition and fee exemption programs on the basis of either student control or institutional control is difficult. While these programs do not fit the traditional pattern of a campus-based program, their complexity and relative obscurity tend to limit their use by students. Thus the administrative burden, if not the funding responsibility, for these programs rests with the institutions.

Hinson-Hazlewood College Student Loans. The first major student aid program offered by the State of Texas was the Texas Opportunity Plan (TOP), enacted by the Legislature and endorsed by Texas voters in 1965. TOP, more commonly known as the Hinson-Hazlewood College Student Loan Program, is funded by the issuance of State of Texas bonds (initially $285 million) and is administered by the Coordinating Board.

Eligibility for Hinson-Hazlewood loans is based upon eligibility for state resident tuition rates; enrollment and good standing for at least one-half the normal academic requirements of an eligible institution; and demonstration of financial need, as determined by the difference between student financial resources and "reasonable student expenses." The program is designed to be a "lender of last resort." Statutory regulations require that the "Hinson-Hazlewood College Student Loan Program Officer at the institution shall make certain that the student is properly utilizing his or her eligibility for the Basic Opportunity Grant and all other forms of student assistance." For example, The University of Texas at Austin financial aids office will not recommend a student unless he or she has been denied a GSL from a private lender.

Tables III-4 through III-6 provide additional criteria for the Hinson-Hazlewood program.

The federal government, under its GSL program, is the insuring agent for the Hinson-Hazlewood program. All students eligible for Hinson-Hazlewood loans qualify for federal interest subsidies. On the other hand, the Hinson-Hazlewood program is more stringent than the GSL program. Although the GSL program will qualify certain students for state loan programs who, on the basis of available resources, could not qualify for federal interest subsidies, the Hinson-Hazlewood program will not grant loans to these students.

Interest subsidy guidelines established by the federal government set the maximum level of interest that can be charged. This maximum level currently is seven percent. The actual interest rate is set annually by the Coordinating Board. This rate is governed by state amortization statutes which limit the interest to no more than two and one-half percent above the level received from the sale of State of Texas bonds. The current rate of interest charged by the Hinson-Hazlewood program is approximatly six and one-half percent.

Table III-8 provides a summary of annual and aggregate loan limits under the Hinson-Hazlewood program.

TABLE III-8

HINSON-HAZLEWOOD STUDENT LOAN PROGRAM

ANNUAL AND AGGREGATE LIMITS

STUDENT CATEGORY	ANNUAL LOAN LIMITS	AGGREGATE LOAN LIMITS
Undergraduate Students	$2,500 (fall-summer)	$7,500
Graduate and Law Students	$2,500 (fall-summer)	$10,000 (including und graduate amoun
Professional Students of Medicine and Related fields	$5,000 (fall-summer)	$15,000 (including und graduate amoun

SOURCE: Coordinating Board, Texas College and University System.

(a) Allocation Process. Since the Hinson-Hazlewood program is institution-based, the Coordinating Board allocates the available funds to each participating institution on an annual basis. The Coordinating Board first establishes the aggregate loan amount for the coming year with the Office of Education (OE). Traditionally, this amount is accepted without modification. Institutional allocations then are established through a formula approach using the previous year's allocation as a base. The formula used by the Coordinating Board takes into account three factors. The first is the default rate based upon the institution's previous year's experience. An institution experiencing a default rate greater than 10 percent is penalized by subtracting from its allocation a percentage of available funds equal to the percentage of excess default. This can be devastating for institutions (e.g., Bishop College) that are experiencing defaults of nearly 30 percent. The second factor used in the allocation formula is the percentage of student enrollments from families with low-income levels (i.e., $0-5,999 per year). This factor does not act to increase allocations, but it may help negate an excessive default rate. For example, an institution experiencing a default rate of 17 percent and a low-income population of seven percent would not be subject to a decreased allocation based upon the default rate. The third factor used in allocating loan funds is the previous loan demand, or the percentage of unused funds. High levels of unused funds are used to decrease an institution's allocation. The process is not as formalized as described here, however. The individual allocations are subject to negotiations between an institution and the Coordinating Board. Further, the Coordinating Board may overestimate demand in its request to OE to help meet any unexpected loan requests from institutions during the year.

(b) Institutional Use. The criteria for determining need in the Hinson-Hazlewood program are not specified by the Coordinating Board, but rather are left to each institution. Each eligible institution is required to submit for Coordinating Board approval an annual estimation of student expenses. The Coordinating Board generally allows an annual incremental increase (e.g., six percent) to account for inflation. Increases in excess of this amount must be thoroughly justified. Either the American College Testing (ACT) system or the College Scholarship Service (CSS) system, depending upon the institution, is used in determining levels of student resources and need. The institution's financial aid officer determines the actual amount of the Hinson-Hazlewood loan to be included in the financial aid package to meet the student's need. Recommended student loan determinations are sent to the Coordinating Board for review and certification. Before certification can be given, the applications also must be reviewed on the federal level. According to the Coordinating Board staff, denials or modifications are relatively uncommon. If, for some reason, certification of a student's loan application is not made, the application is sent back to the institution's financial aid officer for clarification and (usually) later resubmission.

(c) Participation and Funding Trends. Through FY 1977, $190 million (of the $285 million authorized statutory limit) had been awarded to more than 128,000 students. In FY 1977, $13,851,198 was awarded to 16,330 students. A breakdown of the cumulative lending pattern is given in Table III-9. Note that public institutions have received the major portion (73 percent) of these funds.

TABLE III-9

CUMULATIVE HINSON-HAZLEWOOD STUDENT LOANS
(through FY 1977)

INSTITUTION	DOLLAR AMOUNT	NO. OF STUDENTS	AVERAGE LOAN
Public Sector:			
Senior Colleges and Univ.	$127,075,490	82,601	$1,538
Junior Colleges	12,170,601	15,731	774
Subtotal	139,246,091	98,332	
Private Sector:			
Senior Colleges and Univ.	42,578,075	24,790	1,718
Junior Colleges	969,518	753	1,288
Subtotal	43,547,593	25,543	
Other Agencies	7,847,332	4,804	1,633
Total	$190,641,016	128,679	$1,482

SOURCE: Coordinating Board, College and University System.

Of particular interest is the very low loan level for public junior colleges (6.3 percent of the cumulative funds), given their share of student enrollments. In the 1970s, for example, junior college students accounted for over 40 percent of the students enrolled in public institutions. Yet in FY 1977, these students accounted for less than 4 percent of the Hinson-Hazlewood loan money given to public sector students. While it is true that strict comparisons cannot be made due to the increased part-time attendance patterns of junior college students, the difference is of such a degree that it would appear to far outweigh the part-time/full-time factor. The average size of the loan made under the Hinson-Hazlewood program also has been much higher for the public senior college students ($1,538) than for public junior college students ($774).

The reasons for this apparent maldistribution of Hinson-Hazlewood loan money are varied and complex. Some are found in the nature of the allocation mechanism, while others stem from the administrative process. Together they create a formidable barrier for junior colleges to surmount. The allocation process itself is not geared for increasing an institution's allocation, but rather for decreasing the use of the loan program through penalties. Another reason for the imbalanced allocation of loan funds is the small demand for student loans made by the junior colleges. Yet another factor is that many junior colleges do not participate in the program. According to the Coordinating Board staff person who directs the Hinson-Hazlewood program, "they are, in their view, not equipped to handle this type of aid," given the amount of paperwork involved both in initially arranging the loan and in continuing loan services. [It should be emphasized that this paperwork concern is not just limited to community colleges. The director of financial aid at the The University of Texas at Austin (UT) cited the same problem. As a result, UT is planning a reduction of approximately 40 percent in the amount of funds used for the coming year.]

On a more positive note, the Coordinating Board staff indicated that a number of junior colleges are beginning to come back into the program. Increasing enrollments, combined with the lack of other available funds, is the impetus behind this change. One junior college financial aid director emphasized the failure of the NDSL program to take into account the rapid increase in enrollments they now are experiencing. The community colleges also do not have good access to the GSL program, which has been a conspicuous failure in Texas. The program, plagued with excessive default rates, now has the participation of few private lenders, which is especially unfortunate for the low-income minority students who comprise a substantial proportion of community college enrollments.

This failure of minority students to secure GSL awards may be reflected in their active participation in the Hinson-Hazlewood program. As shown in Table III-10, minority students, especially black females, have relied heavily on these state loans.

TABLE III-10

HINSON-HAZLEWOOD STUDENT LOAN PROGRAM

PERCENTAGE OF PARTICIPATION FOR ETHNIC CATEGORIES "BLACK, NOT OF HISPANIC ORIGIN" AND "SPANISH SURNAME,"

AS OF 12/31/77

Black, Not of Hispanic Origin

#Males	Dollar Amount	% of Total Males
8,876	$ 21,341,348	26.6
#Females	**Dollar Amount**	**% of Total Females**
12,722	$ 30,815,769	43.0

Spanish Surname

#Males	Dollar Amount	% of Total Males
7,785	$ 14,355,927	17.9
#Females	**Dollar Amount**	**% of Total Females**
6,841	$ 12,138,717	16.9

Source: Coordinating Board, Texas College and University System

In short, then, the Hinson-Hazlewood program has been designed to give "loans of last resort". Excessive red tape, slow lead times, and a punative allocation mechanism have strengthened this perception of the program by financial aid officers. Recent demographic changes in junior college enrollment patterns, however, together with the failure of the federal government to fund adequately its loan programs, now are forcing a re-evaluation of this "last resort" approach, and program changes appear possible in the next few years.

Tuition Revenue Scholarships/Texas Public Educational Grants. The first major source of state grant money for students in public institutions was the Tuition Revenue Scholarships program, created in 1971. The program allowed each public institution to establish a scholarship fund consisting of twenty-five cents of each credit hour charge for in-state resident students and $1.50 of each credit hour charge for non-residents. The scholarship fund, according to its principal legislative author, was to be "a fund created at each college to be permanent and to be used for truly deserving needy students in amounts helping make it possible for the poor to start and attend college." Grants could be provided to non-resident students; however, this was limited to no more than 10 percent of an institution's scholarship fund.

The original intent of the bill was that funds were to be used by students lacking adequate financial resources to attend college. However, the enabling legislation did not specify criteria for defining need from a financial basis. Instead, the legislation simply stated that need would be defined by the individual institution. Further, the legislation made no mention of any criterion other than "institutionally-defined need".

This failure to include statutory guidelines requiring financial need as the basis of the program soon created a number of administrative problems. As the bill's legislative author observed, "this goal (i.e., financial aid to needy students) may not coincide with those of some who are administering these funds." A further examination of the program by a House Higher Education Committee member found that the institutions, using the broad discretionary authority granted by the statute, had adopted guidelines inconsistent with the intent of the statute.

A special committee was established by the 63rd Legislature (1973) to study the extent to which the Tuition Revenue Scholarships program was improving access to higher education. The Committee report was extremely critical of the twenty-five cent fund, or in its words, the "two-bit scholarship program". This referred not only to the method of financing the fund, but also to the quality of the program. Specifically, the Committee found:

- that "A sizeable minority do not use need as the sole basis for awarding scholarships. The most

> often encountered supplemental guideline is of an academic nature, In addition to academic requirements, however, some schools require a student to meet very vague moral or character requirements, or to compete for the scholarship with a host of other factors, such as need, academic standing, character, outside recommendations, and extra-curricular activity, weighted into the awarding of grants;"

- that there were "substantial variations" in the way institutions collected and dispersed funds, and that present auditing procedures were not sufficient to monitor the program; and
- that the funding levels of the program were not nearly sufficient enough to meet unmet student need. This was especially true for junior colleges, with the program being "a two-bit approach at a time when we need a dollar approach."

As a result of the Committee's findings, the Tuition Revenue Scholarships program was repealed in 1975. In its place the Legislature enacted the Texas Public Educational Grants (TPEG) program. The changes in the program were minor, however. The funding mechanism, based on tuition revenues, remained the same. Guidelines for determining eligibility of grant recipients were made more specific. Financial need was stated to be the "only consideration" in establishing guidelines to determine a student's eligibility for a grant. The role of the Coordinating Board also was increased, with institutions now required to submit TPEG eligibility guidelines to the Coordinating Board for review and certification. Further changes restricted alien students from the program and permitted the use of TPEG funds as matching funds for federal programs. Eligibility remained restricted to students in public institutions. (Also see Tables III-4 through III-6.)

Although the program is need-based, later opinions by the state's Attorney General have held that need not be the only criterion used in allocating grants. Since the Coordinating Board does not audit the program or the institution's adherence to need as the primary criterion, some problems have been noted in the program's use. For instance, the director of financial aids at The University of Texas at Austin commented that some institutions have used their funds to provide merit and athletic scholarships.

The lack of institutional restrictions on the use of the scholarship fund, as compared to the often cumbersome requirements placed on other state and federal programs, has made the TPEG a very popular program among financial aid administrators as they package aid for particular students. Senior institutions (e.g., The University of Texas at Austin) often use the TPEG to provide grant aid to graduate students who are not eligible to participate in the federal BEOG or the SEOG programs. Junior colleges often use these funds for packaging additional grant money to vocational students (e.g., nurses and other allied health students) who, because of their curriculum, cannot participate in work-study programs.

Another advantage to this program (from the institutional perspective) is that the funds collected by an institution and not used during the year do not revert back to the state's general fund but remain at the institution. A number of smaller institutions, primarily junior colleges, have built up substantial reserve funds. According to one junior college financial aid director, these institutions are increasing their scholarship fund reserves in the hope that they eventually will be allowed by the Legislature to use them for other institutional purposes. A bill allowing this was defeated in the 63rd session (1973).

(a) Funding Trends. An analysis of the funding patterns of the Tuition Revenue Scholarships/TPEG program is presented in Table III-11. However, these figures do not accurately reflect the total resources of the program. First, not all public institutions in Texas are represented in either the senior or the junior college columns. While the major institutions in the state are included, a number of smaller institutions have consistently failed to report to the Coordinating Board. Second, this table includes only those funds that actually have been allocated to students for financial aid and not the total aid available in institutional funds.

Readily apparent from Table III-11 is the disproportionate use of funds between junior and senior institutions. Public junior colleges consistently have accounted for approximately 27 percent of the funds, while enrollments in junior colleges have consistently exceeded 43 percent of total public sector enrollments. Yet funding for this scholarship program is tied directly to enrollments by tuition fees. While funds are based

TABLE III-11

TUITION REVENUE SCHOLARSHIPS/TEXAS PUBLIC EDUCATIONAL GRANTS

YEAR	PUBLIC SENIOR INSTITUTIONS		PUBLIC JUNIOR INSTITUTIONS		TOTAL
	AWARDS	AMOUNTS	AWARDS	AMOUNTS	
1971-1972	4,722	$ 782,385	2,784	$ 289,626	$ 1,072,011
1973-1974	9,399	2,053,410	6,226	795,149	2,848,559
1975-1976*	6,837	2,398,274	7,099	994,866	3,393,140
1976-1977*	4,389	2,188,676	6,530	883,467	3,072,143

*Portions of these funds were used for matching funds in the public institution part of the state's State Student Incentive Grants (SSIG) program. Funds allocated to public institutions under the SSIG program totalled $394,628 in 1975-1976 and $1,038,448 in 1976-1977.

SOURCE: Coordinating Board, Texas College and University System.

on credit-hour enrollments, which may differ from general enrollment patterns, the differences evidenced in Table III-11 likely would not be accounted for fully by controlling for enrollment hours. One possible explanation, which can be neither supported nor disproved by available information, is that junior colleges are not allocating all their available grant funds for financial aid purposes.

Also evident in Table III-11 is that senior institutions increasingly are making larger grants to fewer individuals. The funds awarded in 1976-1977 were twice that awarded in 1973-1974, yet less than half as many individuals received awards. One reason for this increased "selectivity" in senior colleges may be the awarding of grants to financially needy graduate students ineligible for other assistance programs. Junior colleges, on the other hand, participate in fewer financial aid programs and cannot rely upon other funding sources to meet the needs of the general student body. Consequently, junior colleges often must distribute TPEG funds among more students.

Tuition Equalization Grants Program. The first significant state-supported grant program in Texas to assist students attending private institutions was the Texas Equalization Grants (TEG) program. Passed in 1971, the program provides state grants to help needy students pay the difference in the amount of tuition charged between a private college or university and a comparable public institution.

Legislation limits the grant a private student can receive to $600 during a fiscal year. Total funds for these grants also cannot exceed the total legislative appropriation for the TEG program.

The TEG program is administered by the Coordinating Board. The appropriations level is established by the State Legislature, with funds allocated to eligible private institutions on the basis of full-time fall enrollments from the previous academic year. Any grants not allocated by the institution by December 1 of the fiscal year revert back to the Coordinating Board to be distributed to any eligible institution on a "first come, first served" basis. Disbursement of TEG funds by the Coordinating Board is based upon certification of the student's application by the Tuition Equalization Grants Officer in the private institution's financial aid office.

The TEG is a need-based grant. (See Tables III-4 through III-6 for additional program characteristics.) Financial need is determined to exist "only when the amount of reasonable expenses of a student is more than the amount of financial resources available to the applicant." Each eligible institution is responsible for submitting annually to the Coordinating Board a list of reasonable student expenses. This can be adjusted either upward or downward in the case of a particular student, depending upon the nature of the student's curriculum. Available financial resources are determined by either the College Scholarship Service (CSS) system or that of the American College Testing

Program (ACT). In addition to showing financial need on the basis of a tuition differential, a TEG recipient must be a Texas resident (or eligible to pay Texas resident tuition rates) and be enrolled as a full-time student in other than a theological or religion degree program at an approved institution in Texas.

(a) Funding Trends. Funding for the TEG program began in 1971 with an initial appropriation of one million dollars. Eligibility was limited in the first year to freshman students. Funding levels and eligibility were expanded on an annual basis so that all students at all levels, graduate and undergraduate, were eligible by 1975. Table III-12 provides a summary analysis of TEG program allocations from its inception through FY 1977. The number of recipients has risen approximately 570 percent during this six-year period, while funding has increased 800 percent. The average award has increased over 33 percent (to $532) and is nearing the $600 statutory limit.

More than offsetting the increases in the average TEG award during the last six years, however, has been the increased cost (i.e., tuition and fees) of attending a private institution in Texas rather than a state institution -- a difference that has increased from $932 to over $1,250. Yet the actual tuition differential to which the TEG is addressed is even greater ($1,330 in 1978), because required fees do not enter into the TEG tuition differential calculation.

TABLE III-12

TUITION EQUALIZATION GRANTS PROGRAM

- TEXAS PRIVATE INSTITUTIONS OF HIGHER EDUCATION -

TOTAL

YEAR	INSTITUTIONS	AWARDS MADE	$ AWARDED	AVG. AWARD
1971-1972	44	2,511	$1,000,000	$398.24
1972-1973	42	6,555	3,000,000	457.66
1973-1974	41	10,002	5,000,000	499.90
1974-1975	43	14,686	7,500,000	510.69
1975-1976	43	14,801	7,500,000	506.72
1976-1977	44	16,909*	9,000,000	532.26

SENIOR COLLEGES AND UNIVERSITIES

YEAR	INSTITUTIONS	AWARDS MADE	$ AWARDED	AVG. AWARD
1971-1972		2,291	$ 927,444	$404.82
1972-1973		5,637	2,647,196	471.38
1973-1974		9,534	4,814,647	504.99
1974-1975		14,202	7,282,381	512.77
1975-1976		14,401	7,314,477	507.91
1976-1977		16,444	8,756,107	532.48

JUNIOR COLLEGES

YEAR	INSTITUTIONS	AWARDS MADE	$ AWARDED	AVG. AWARD
1971-1972		220	$ 72,566	$329.84
1972-1973		918	352,804	384.30
1973-1974		468	185,385	396.12
1974-1975		484	217,619	449.60
1975-1976		400	185,523	463.80
1976-1977		465	243,893	524.50

*Coordinating Board figures vary. In the Board's FY 1977 Annual Report: Statistical Supplement, the number of awards is given as 16,909, whereas Board printouts (obtained in August 1978) of recipients by income level, sex, and ethnic origin (see Tables III-13 through III-16 which follow) indicate 16,874 awards were made.

SOURCE: Coordinating Board, Texas College and University System.

Without more detailed information on alternative funding sources, retention rates, and general levels of unmet student need, it is difficult to estimate with any precision the effect that the TEG has had on private sector enrollments. Obviously, however, nine million dollars has eased somewhat the access and choice decisions of students enrolling at private sector institutions. One effect has been a stabilization of private sector enrollments in Texas. While there has been a continuing decline in private senior institutional enrollment as a percentage of total senior institutional enrollment (for example, from 22.6 percent in 1968-1969 to 18.5 percent in 1977-1978), this primarily has been the result of increased growth in the public sector institutions. The total enrollment in all private institutions of higher education in Texas has remained relatively constant (e.g., 74,519 in 1971-1972 as compared to 75,592 in 1977-1978).

Another noticeable effect of the TEG program has been an increased penetration of the grant program into the total eligible student population. This has been the result of increased state funding of the TEG program and the relatively constant enrollment patterns. In 1976 the Coordinating Board estimated that approximately 50 percent of the eligible students enrolled in private colleges qualified for aid on the basis of financial need, and that the penetration of the TEG program within this group had averaged 34.4 percent annually. Due to factors noted above, however, the TEG program has been able to increase both the size of the average student grant (see Table III-12) and the penetration rate (from 37.2 percent to 42.7 percent) of the financially needy student population.

(b) Recipient Characteristics. An examination of recipient data suggests that the TEG awards are quite equitably distributed. Students from all areas of Texas have received TEG grants. In 1974-1975, for example, grants were made to recipients from 249 of the state's 254 counties. As expected, the heaviest concentration of awards has occurred in the larger metropolitan areas -- San Antonio, Dallas, Fort Worth, and Houston.

A summary of the distribution of TEG awards between males and females can be seen in Table III-13. Females accounted for approximately 43 percent of private sector enrollments; however, they accounted for 54 percent of the total TEG awards and total TEG funds allocated during that year. On the other hand, the average award was slightly larger for the male recipient than for the female.

An institutional breakdown of TEG awards by ethnic origin (Table III-14) shows that both Blacks and Chicanos are fairly well represented in both the number of awards and the funds received. While it is not possible to address questions of equity without having information on ethnic enrollments in private institutions, the levels shown here approximate the ethnic distribution statewide for the general population. The average award is somewhat larger for Anglos ($594) than for either Blacks ($502) or Chicanos ($517).

TABLE III-13

TUITION EQUALIZATION GRANTS: 1975-1977

(By Sex of Recipient)

	TOTAL			FEMALE				
YEAR	NO.	AMOUNT	AVG. AWARD	NO.	%	AMOUNT	%	AVG. AWARD
1975-1976	14,801	$7,500,000	$506.72	7,884	53.3	$3,968,709	52.9	$503.39
1976-1977	16,874*	9,000,000	533.36*	9,125	54.1	4,846,234	53.8	531.09

*Coordinating Board figures vary; see footnote in Table III-12. The total of 16,874 is used here because it was given in the Coordinating Board data on sex of recipients on which this table is based (see Table III-16).

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-14

TUITION EQUALIZATION GRANTS: 1975-1977

(By Ethnic Origin of Recipient)

	TOTAL		BLACK				CHICANO			
YEAR	NO.	AMOUNT	NO.	%	AMOUNT	%	NO.	%	AMOUNT	%
1975-1976	14,801	$7,500,000	2,138	13.1	$987,451	13.1	2,249	15.1	$1,114,986	14.8
1976-1977	16,874*	9,000,000	2,623	15.5	1,318,846	14.6	2,537	15.0	1,313,610	14.5

*Coordinating Board figures vary; see footnote in Table III-12. The total of 16,874 is used here because it was given in the Coordinating Board data on ethnic origin of recipient on which this table is based (see Table III-16).

SOURCE: Coordinating Board, Texas College and University System.

The distribution of TEG awards and dollars in 1976-1977 by income level is illustrated in Table III-15. The distribution of awards and funds is somewhat skewed toward the upper income levels. It is interesting to note that recipients with family income levels under $7,500 accounted for only 33 percent of TEG funds distributed in 1976-1977, while recipients with family incomes greater than $12,000 accounted for over 46 percent of the TEG funds. (Information on enrollment patterns by income levels for private institutions was not available.)

Table III-16, the Coordinating Board printout on which Tables III-13 through III-15 were based, provides detailed information on 1976-1977 TEG recipients.

State Student Incentive Grants. The State Student Incentive Grants (SSIG) program in Texas began in 1975. A federal-state matching grant program, it serves students in both public and private institutions. However, the use of SSIG funds within each of these two sectors is governed by different procedures.

The private sector (but not the public sector) began participation in the SSIG program in 1975. Because federal statutes stipulated that only centrally administered state funds would be eligible for matching grants, a Texas Attorney General's opinion held that the private sector TEG program was the only available funding source suitable for matching federal dollars. The failure of assistance programs for students in public institutions to qualify for SSIG funds acted as a strong stimulus for the 64th Legislature to enact the TPEG program later that year (1975).

TABLE III-15

TUITION EQUALIZATION GRANTS: 1976-1977

(By Income Level of Recipient)

INCOME LEVELS	NO.	% OF TOTAL	AMOUNT	% OF TOTAL	AVERAGE AWARD
$ 0 - 2,999	2,074	12.3	$1,059,947	11.8	$511.06
3,000 - 5,999	2,411	14.3	1,251,163	13.9	518.94
6,000 - 7,499	1,268	7.5	666,426	7.4	525.57
7,500 - 8,999	1,161	6.9	609,069	6.8	524.61
9,000 - 11,999	2,297	13.6	1,240,791	13.8	540.18
12,000 - 14,999	2,142	12.7	1,169,178	13.0	545.83
15,000 - 19,999	3,033	18.0	1,672,287	18.6	551.36
20,000 +	2,488	14.7	1,331,139	14.8	535.02
TOTAL	16,874*	100.0	$9,000,000	100.0	$533.36

*Coordinating Board figures vary; see footnote in Table III-12. The total of 16,874 is used here because it was given in the Coordinating Board data on income levels of recipients on which this table is based (see Table III-16).

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-16

COORDINATING BOARD, TEXAS COLLEGE AND UNIVERSITY SYSTEM
TUITION EQUALIZATION GRANT PROGRAM
INSTITUTIONAL BREAKDOWN OF AWARDS BY INCOME LEVEL, SEX AND ETHNIC ORIGIN

1976-1977 August 31, 1977

TOTALS

	1. AMERICAN NEGRO				2. AMERICAN INDIAN				3. ORIENTAL AMERICAN			
INCOME LEVEL	MALES		FEMALES		MALES		FEMALES		MALES		FEMALES	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
0 - 2,999	264	122,669.00	386	184,968.00	7	3,350.00	8	3,400.00	5	2,700.00	6	3,600.00
3,000 - 5,999	257	127,508.00	432	217,052.00	5	3,000.00	2	1,000.00	4	1,900.00	8	4,700.00
6,000 - 7,499	112	56,105.00	139	68,816.00	5	2,400.00	1	600.00	2	1,200.00	1	600.00
7,500 - 8,999	69	35,106.00	139	71,160.00	2	900.00	0	.00	4	1,805.00	4	2,100.00
9,000 - 11,999	127	65,514.00	208	110,339.00	8	4,787.00	3	1,500.00	8	4,500.00	8	4,500.00
12,000 - 14,999	99	51,792.00	144	76,459.00	4	2,300.00	6	3,175.00	5	2,919.00	7	4,200.00
15,000 - 19,999	68	36,035.00	112	61,594.00	6	3,300.00	4	2,100.00	8	4,200.00	8	4,500.00
20,000 +	20	9,923.00	47	23,806.00	3	1,350.00	1	600.00	7	3,936.00	2	1,200.00
•• 1976 - 1977 ••	1016	504,652.00	1607	814,194.00	40	21,387.00	25	12,375.00	43	23,160.00	44	25,400.00

	4. SPANISH AMERICAN SURNAME				5. OTHER				6. TOTALS			
INCOME LEVEL	MALES		FEMALES		MALES		FEMALES		MALES		FEMALES	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
0 - 2,999	178	89,154.00	186	94,284.00	533	290,479.00	501	265,343.00	987	508,352.00	1087	551,595.00
3,000 - 5,999	249	126,346.00	233	115,075.00	628	337,258.00	593	317,324.00	1143	596,012.00	1268	655,151.00
6,000 - 7,499	129	67,361.00	133	66,853.00	385	211,685.00	361	190,806.00	633	338,751.00	635	327,675.00
7,500 - 8,999	90	45,791.00	129	65,335.00	369	198,223.00	355	188,649.00	534	281,825.00	627	327,244.00
9,000 - 11,999	177	96,872.00	221	111,667.00	721	395,725.00	816	445,387.00	1041	567,398.00	1256	673,393.00
12,000 - 14,999	131	70,531.00	195	103,178.00	702	389,430.00	849	465,194.00	941	516,972.00	1201	652,206.00
15,000 - 19,999	153	84,324.00	197	106,652.00	1116	614,575.00	1361	755,007.00	1351	742,434.00	1682	929,853.00
20,000 +	53	28,617.00	83	41,570.00	1036	558,196.00	1236	661,941.00	1119	602,022.00	1369	729,117.00
•• 1976 - 1977 ••	1160	608,996.00	1377	704,614.00	5490	2,995,571.00	6072	3,289,651.00	7749	4,153,766.00	9125	4,846,234.00

17

SOURCE: Coordinating Board,
Texas College and University System

No. Awards: 16,874

Both the private sector and public sector variants of the SSIG program are campus-based and need-based. The Coordinating Board determines the overall allocation of federal SSIG funds between public and private institutions and between junior and senior institutions. Institutions then are allowed to pledge some portion of their available state and institutional financial aid -- TEG in the case of private institutions, TPEG in the case of public institutions -- to use as matching funds for the federal SSIG funds. The Coordinating Board, in addition to determining allocations of SSIG funds, also reviews and authorizes individual student grant applications submitted by the institutions.

The Coordinating Board's initial annual allocation of SSIG funds among institutions is not based on a strict formula. According to the director of the Coordinating Board's grant programs, the initial distribution of funds between the public and private sectors "is not a science; rather, it is a matter of Mr. Adams (Director, Division of Student Services) and I deciding upon what is fair to all parties concerned." If, by the early spring of the fiscal year in which the funds are to be expended, either institutional sector as a whole has unused funds, these funds are reallocated by the Coordinating Board to institutions in the other sector. In March 1978, for example, the Board redesignated $50,000 in unspent FY 1978 funds for first-year grants at public institutions for use this past spring as first-year grants to students in private institutions.

Thus far the Coordinating Board has been allocating approximately 55 to 60 percent of both total (federal) SSIG funds and initial-year funds to the private institutions. Table III-17 illustrates the extent to which private institutions have participated more actively in this program, despite the fact that they account for less than 15 percent of total enrollments. This pattern also held true in 1977-1978, although complete (revised) figures are not yet available. In the initial allocation of FY 1978 funds, 58 percent ($1,337,707) of initial-year grant funds were designated for use in the independent (or, private) sector -- and, as noted, in the preceding paragraph, this allocation was increased by $50,000 in March 1978 to fund partially the $200,000 in unfunded applications then existing in the private sector. In addition to tuition and fee factors, this distributional pattern may result from the earlier participation by the private sector in the SSIG program (recall that the participation of public institutions followed the creation of the TPEG program) and the federal stipulation that a specified percentage of SSIG funds be used for grant-renewal purposes.

TABLE III-17

STATE STUDENT INCENTIVE GRANTS: 1974-1977

(Federal Funds, By Type of Institution)

YEAR	PUBLIC INSTITUTIONS	PRIVATE INSTITUTIONS	TOTAL
1974-1975		$1,140,511 b)	$1,140,511
1975-1976	$ 394,628 a)	681,114 b)	1,075,742
1976-1977	1,038,448 a)	1,382,126 b)	2,420,574

Notes: a) Matched by institutional TPEG funds.
b) Matched by state TEG funds.

SOURCE: Coordinating Board, Texas College and University System.

(a) Private Institutions. The private sector SSIG program in Texas is funded and administered under the guidelines of and in conjunction with the Tuition Equalization Grants program. A student in a private college or university in Texas must be receiving a TEG grant in order to receive an equal SSIG grant. The only major differences between the TEG and SSIG eligibility requirements are the latter's undergraduate student requirements and the fact that the SSIG is not restricted only to tuition costs.

The allocation of federal SSIG funds among the private institutions is based on the previous year's head-count enrollment. The Commissioner of Higher Education annually establishes a preliminary fund balance in each institution in April of the preceding year. SSIG grant funds from an institution's fund reservation which are not awarded and certified by December 1 of the fiscal year are reallocated to meet the needs of eligible students in other private institutions. (As noted earlier, if, by the early spring of the fiscal year, the private sector as a whole has unused funds, these funds may be allocated to the public institutions.)

The application process in the institution follows the same procedure as described for the TEG program. The student's financial resources are determined according to either ACT or CSS guidelines. Financial need is determined by the difference in student resources and "reasonable expenses incurred by a full-time student." The institution's financial aid officer submits the student's application to the Coordinating Board for review and certification. Upon certification, the student then receives two checks -- one from the TEG program and another of equal amount from the SSIG program.

A summary of the distribution of the SSIG funds in the private sector is provided in Table III-18. The distribution of funds between private senior colleges and universities and junior colleges appears to be very one-sided. However, private junior colleges, unlike the case of junior colleges in the public sector, account for only a small percentage of total private sector enrollments. The number of awards and the average award have increased by 4 percent and 16 percent, respectively, from 1974-1975 to 1976-1977. (The decline in 1975-1976 was a temporary aberration created by the establishment of the TPEG program.)

Female students have a greater participation in the private sector SSIG program than do males (see Tables III-19 and III-22). This is similar to participation levels in the TEG program. Females, while accounting for less that 50 percent of the private sector enrollment, account for nearly 60 percent of the private sector SSIG awards. However, the average award of the female student is slightly smaller than that of the male student.

The participation of ethnic minorities in the private sector SSIG program (see Tables III-20 and III-22) has remained at higher levels than their participation in the general TEG grant program. It is interesting to note that although the percentage of awards to Blacks increased from 1975-1976 to 1976-1977, the average award changed from being higher than that of their Anglo counterparts to being lower. It will be interesting to see if the 1977-1978 program data give further evidence of this trend.

Distribution of FY 1975-1976 SSIG awards by income levels of recipients is shown in Tables III-21 and III-22. Clearly, as in the case of the companion TEG program, SSIG recipients are more likely to come from the upper-income levels that from the lower-income levels. For example, recipients with family income levels less than $7,500 accounted for less than 33 percent of the awards, while recipients with income levels greater than $12,000 accounted for over 46 percent. This suggests that the private sector SSIG and TEG programs both are subsidizing, to some extent, the enrollment of upper-income students in private colleges and universities.

Table III-22, the source for the 1976-1977 data in Tables III-19 through III-21, provides a more detailed breakdown of 1976-1977 SSIG awards in independent institutions by income level, sex, and ethnic origin of recipients.

(b) Public Institutions. The public sector SSIG program is administered under the guidelines established for the Texas Public Educational Grants (TPEG) program, a portion of which funds are used as the required match for federal SSIG funds. Institutions are authorized under the TPEG statute to transfer "any or all funds set aside for the Texas Public Educational Grants Program to the Coordinating Board to be used for matching federal or other grant funds for awarding to students attending

TABLE III-18

STATE STUDENT INCENTIVE GRANTS: 1974-1977*

TEXAS INDEPENDENT COLLEGES AND UNIVERSITIES

TOTAL

YEAR	SCHOOLS	AWARDS	$ AWARDED	AVG. $ AWARD
1974-1975	40	2,974	1,140,511	383.49
1975-1976	36	1,813	681,114	375.68
1976-1977	39	3,094	1,382,126	446.71

INDEP. SENIOR COLLEGES AND UNIVERSITIES

YEAR	SCHOOLS	AWARDS	$ AWARDED	AVG. $ AWARD
1974-1975	40	2,861	1,116,754	390.35
1975-1976	36	1,780	673,916	378.60
1976-1977	39	3,004	1,345,684	447.96

INDEP. JUNIOR COLLEGES

YEAR	SCHOOLS	AWARDS	$ AWARDED	AVG. $ AWARD
1974-1975	40	113	23,757	210.00
1975-1976	36	33	7,198	218.12
1976-1977	39	90	36,442	404.91

*These funds were matched by (some of) the state-appropriated TEG funds.

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-19

STATE STUDENT INCENTIVE GRANTS: 1975-1977*

TEXAS INDEPENDENT COLLEGES AND UNIVERSITIES

(By Sex of Recipient)

	TOTAL			FEMALE				
YEAR	NO.	AMOUNT	AVG. AWARD	NO.	%	AMOUNT	%	AVG. AWARD
1975-1976	1,813	$ 681,114	$375.68	1,061	58.5	$392,621	57.6	$370.05
1976-1977	3,094	1,382,126	446.71	1,851	59.8	816,611	59.0	441.18

*These funds are matched by (some of) the state-appropriated TEG funds.

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-20

STATE STUDENT INCENTIVE GRANTS: 1975-1977*

TEXAS INDEPENDENT COLLEGES AND UNIVERSITIES

(By Ethnic Origin of Recipient)

	TOTAL		BLACK				CHICANO			
YEAR	AWARDS	$ AMOUNT	AWARDS	% OF TOTAL	$ AMOUNT	% OF TOTAL	AWARDS	% OF TOTAL	$ AMOUNT	% OF TOTAL
1975-1976	1,813	$ 681,114	280	15.4	108,123	15.9	359	19.8	$133,952	19.7
1976-1977	3,094	1,382,126	597	19.3	255,197	18.5	555	17.9	241,692	17.5

*These funds were matched by (some of) the state-appropriated TEG funds.

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-21

STATE STUDENT INCENTIVE GRANTS: 1976-1977*

TEXAS INDEPENDENT COLLEGES AND UNIVERSITIES

(By Income Level of Recipient)

INCOME LEVELS	NO.	% OF TOTAL	AMOUNT	% OF TOTAL	AVERAGE AWARD
$ 0 - 2,999	371	12.0	$166,181	12.0	$447.93
3,000 - 5,999	415	13.4	183,047	13.2	441.08
6,000 - 7,499	214	6.9	94,524	6.8	441.70
7,500 - 8,999	194	6.3	87,544	6.3	451.26
9,000 - 11,999	457	14.8	207,070	15.0	453.11
12,000 - 14,999	509	16.5	233,793	16.9	459.32
15,000 - 19,999	637	20.6	282,593	20.4	443.63
20,000 +	297	9.6	127,374	9.2	428.87
TOTAL	3,094	100.0	$1,382,126	100.0	$446.71

*These funds were matched by (some of) the state-appropriated TEG funds for 1976-1977.

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-22

COORDINATING BOARD, TEXAS COLLEGE AND UNIVERSITY SYSTEM
STATE STUDENT INCENTIVE GRANT PROGRAM
INSTITUTIONAL BREAKDOWN OF AWARDS BY INCOME LEVEL, SEX AND ETHNIC ORIGIN

1976-1977 June 30, 1977

TOTALS

INCOME LEVEL	1. AMERICAN NEGRO				2. AMERICAN INDIAN				3. ORIENTAL AMERICAN			
	MALES		FEMALES		MALES		FEMALES		MALES		FEMALES	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
0 - 2,999	43	18,383.00	107	42,098.00	3	1,800.00	1	300.00	0	.00	1	600.00
3,000 - 5,999	52	24,025.00	111	43,027.00	1	600.00	0	.00	0	.00	3	1,800.00
6,000 - 7,499	19	7,878.00	18	8,550.00	1	600.00	0	.00	2	1,200.00	0	.00
7,500 - 8,999	14	6,116.00	30	13,085.00	0	.00	0	.00	0	.00	1	600.00
9,000 - 11,999	33	14,853.00	50	22,442.00	2	1,000.00	0	.00	0	.00	1	600.00
12,000 - 14,999	27	11,660.00	33	15,580.00	0	.00	2	765.00	3	1,719.00	2	1,200.00
15,000 - 19,999	16	7,985.00	30	14,765.00	1	300.00	0	.00	1	600.00	1	300.00
20,000 +	2	750.00	12	4,000.00	2	750.00	0	.00	1	318.00	0	.00
•• 1976 - 1977 ••	206	91,650.00	391	163,547.00	10	5,050.00	3	1,065.00	7	3,837.00	9	5,100.00

INCOME LEVEL	4. SPANISH AMERICAN SURNAME				5. OTHER				6. TOTALS			
	MALES		FEMALES		MALES		FEMALES		MALES		FEMALES	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
0 - 2,999	29	13,150.00	34	15,020.00	64	30,563.00	89	44,267.00	139	63,896.00	232	102,285.00
3,000 - 5,999	40	17,208.00	43	18,551.00	73	35,102.00	92	42,734.00	166	76,935.00	249	106,112.00
6,000 - 7,499	18	8,300.00	33	12,996.00	60	25,550.00	63	29,450.00	100	43,528.00	114	50,996.00
7,500 - 8,999	17	8,215.00	17	8,118.00	49	23,559.00	66	27,851.00	80	37,890.00	114	49,654.00
9,000 - 11,999	35	15,360.00	59	23,048.00	115	55,441.00	162	74,326.00	185	86,654.00	272	120,416.00
12,000 - 14,999	34	16,085.00	54	22,895.00	148	69,919.00	206	93,970.00	212	99,383.00	297	134,410.00
15,000 - 19,999	42	18,632.00	63	28,550.00	187	80,249.00	296	131,212.00	247	107,766.00	390	174,827.00
20,000 +	19	7,800.00	18	7,764.00	90	39,845.00	153	66,147.00	114	49,463.00	183	77,911.00
•• 1976 - 1977 ••	234	104,750.00	321	136,942.00	786	360,228.00	1127	509,957.00	1243	565,515.00	1851	816,611.00

NOTE: These figures are for the SSIG program in Texas independent colleges and universities. Funds were matched by (some of) the state-appropriated TEG funds for 1976-1977.

No. Awards: 3,094

Amount: $1,382,126

SOURCE: Coordinating Board, Texas College and University System.

that institution." Thus an eligible student in a public institution may receive either a TPEG from the institution or a TPEG-SSIG award through the Coordinating Board funded half by federal funds (SSIG) and half by institutional funds (TPEG). Both the TPEG and the TPEG-SSIG programs require that student financial need be of "utmost importance" in determining recipient eligibility.

The TPEG-SSIG program guidelines impose a number of constraints in addition to those placed upon the use of the TPEG funds. TPEG recipients may be enrolled in only one-half of the normal course load, while TPEG-SSIG recipients must be full-time students. The TPEG-SSIG program also limits eligibility to undergraduate students. One fundamental difference between the public sector TPEG-SSIG program and the private sector SSIG program is that the TPEG-SSIG program is not limited to Texas residents. The state statute has an "inverse portability" clause which stipulates that non-Texas residents may be eligible for no more than 10 percent of the total TPEG-SSIG funds.

The allocation of TPEG-SSIG funds among the various junior and senior public institutions in Texas is the responsibility of the Coordinating Board. By statute this process is based "on the number of pre-baccalaureate, full-time students, excluding aliens, who received need-based financial assistance administered by the approved institution in the preceding fiscal year." This differs from the process used to distribute SSIG funds among independent institutions, in which case the allocation is based on an institution's full-time undergraduate enrollment without regard to the number who had received financial aid.

A preliminary fund balance is established for each institution with the amount of federal SSIG funds (allocated to that institution by the Coordinating Board) that the institution may match. A public institution, unlike a private institution, actually must transfer TPEG funds it intends to use to match SSIG dollars to the Coordinating Board for SSIG matching purposes. The student recipient receives a single check, not two as in the case of private institutions. Funds that have not been encumbered or certified by December 1 of the fiscal year in which they are to be expended may be reallocated to meet the needs of eligible students at other approved public institutions. (As noted earlier, if by the early spring of the fiscal year, the public sector as a whole has unused SSIG funds (as occurred this past spring), these funds may be allocated to the private sector.)

The historical distribution of TPEG-SSIG awards is illustrated in Table III-23. (The first year of the program was 1975-1976.) Senior colleges receive the major share of TPEG-SSIG funds -- 85 percent in 1976-1977. Also, the average award difference between public senior and junior institutions exceeded $100 per recipient in each of the two years.

One major reason for this maldistribution of funds between junior and senior institutions is the difference in participation rates in the TPEG-SSIG program. Of the public senior colleges and universities in Texas, 30 (over 80 percent) participated in the TPEG-SSIG program in 1976-1977. Less than one-half (26) of the public junior colleges participated in the TPEG-SSIG program in that same year. The Coordinating Board cited the lack of professional financial aid staff in the public junior colleges as the primary reason for this lack of participation. The relative freedom of use that each institution has with its TPEG-SSIG program also was mentioned as a factor affecting the lack of participation. The TPEG-SSIG program limits eligibility to full-time students, and a large percentage of junior college students are enrolled on only a part-time basis.

A second major reason for the uneven distribution of funds between junior and senior institutions, related to the first reason, is that the allocation process is not tied to enrollment but rather to the percentage of enrolled students receiving financial assistance the previous year. It has been noted throughout this chapter that junior colleges do not participate in financial aid programs to the same extent as do senior institutions. This is true for both state and federal programs. The numbers and percentages of junior college students qualifying for financial aid also reflect this fact. Consequently, any allocation process that is based upon previous participation rates will be biased toward the state's senior institutions.

The distribution of TPEG-SSIG grants on the basis of the recipient's sex is described in Table III-24. (See also Table III-27.) As in the private sector SSIG program, females have a higher participation rate in the TPEG-SSIG program than do males.

Ethnic minorities have a higher participation rate in the public TPEG-SSIG program than in the private SSIG program (see Tables III-25 and III-27). A substantial fluctuation is seen in the minority participation rate between 1975-1976 and 1976-1977; however, as yet there is not enough information to determine when and where this trend will stabilize. Even at the lower level of participation in 1976-1977, both Blacks and Chicanos are utilizing the TPEG-SSIG program in far greater numbers than their respective enrollment levels in public sector institutions might suggest.

The public TPEG-SSIG and the private SSIG program also vary significantly in their penetration of lower income groups. This can be seen by comparing Tables III-26 and III-27 with Tables III-21 and III-22 presented earlier. While grant recipients with income levels less than $7,500 accounted for less than 33 percent of the awards in the private SSIG program, this same income group accounted for over 55 percent of the TPEG-SSIG awards. On the other end of the income spectrum, recipients having income levels greater than $12,000 accounted for over 46 percent of the SSIG awards in private institutions, but less than 24 percent of the TEPG-SSIG awards. This strategy suggests that the TPEG-SSIG program may be more effectively improving access for low-income students than the private SSIG program.

Table III-27, the source for the 1976-1977 data in Tables III-24 through III-26, gives additional information on 1976-1977 TPEG-SSIG recipients.

TABLE III-23

TEXAS PUBLIC EDUCATIONAL GRANTS-SSIG: 1975-1977*

TEXAS PUBLIC COLLEGES AND UNIVERSITIES

TOTAL

YEAR	SCHOOLS	AWARDS	$ AWARDED	AVG. $ AWARD
1975-1976	54	2,665	$ 789,256	$296.16
1976-1977	56	5,433	2,076,896	382.27

SENIOR COLLEGES AND UNIVERSITIES

YEAR	SCHOOLS	AWARDS	$ AWARDED	AVG. $ AWARD
1975-1976	54	1,850	$ 598,850	$323.70
1976-1977	56	4,333	1,763,158	406.91

JUNIOR COLLEGES

YEAR	SCHOOLS	AWARDS	$ AWARDED	AVG. $ AWARD
1975-1976	54	815	$190,406	$233.63
1976-1977	56	1,100	313,738	285.22

*These funds were one-half institutional TPEG funds and one-half federal SSIG funds.

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-24

TEXAS PUBLIC EDUCATIONAL GRANTS-SSIG: 1975-1977*

TEXAS PUBLIC COLLEGES AND UNIVERSITIES

(By Sex of Recipient)

	TOTAL			FEMALE				
YEAR	NO.	AMOUNT	AVG. AWARD	NO.	%	AMOUNT	%	AVG. AWARD
1975-1976	2,665	$ 789,256	$296.16	1,569	58.9	$ 447,359	56.7	$285.12
1976-1977	5,433	2,076,896	382.27	3,275	60.3	1,209,802	58.2	369.40

*These funds were one-half institutional TPEG funds and one-half federal SSIG funds.

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-25

TEXAS PUBLIC EDUCATIONAL GRANTS-SSIG: 1975-1977*

TEXAS PUBLIC COLLEGES AND UNIVERSITIES

(By Ethnic Origin of Recipient)

	TOTAL		BLACK				CHICANO			
YEAR	AWARDS	$ AWARDS	AWARDS	% OF TOTAL	$ AMOUNT	% OF TOTAL	AWARDS	% OF TOTAL	$ AMOUNT	% OF TOTAL
1975-1976	2,665	$ 789,256	737	27.7	$230,314	29.2	867	32.5	$234,170	29.7
1976-1977	5,433	2,076,896	1,139	21.0	502,799	24.2	1,444	26.6	480,440	23.1

*These funds were one-half institutional TPEG funds and one-half federal SSIG funds.

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-26

TEXAS PUBLIC EDUCATIONAL GRANTS-SSIG: 1975-1977*

TEXAS PUBLIC COLLEGES AND UNIVERSITIES

(By Income Level of Recipient)

INCOME LEVEL	NO.	% OF TOTAL	AMOUNT	% OF TOTAL	AVERAGE AWARD
$ 0 - 2,999	1,506	27.7	$612,959	29.5	$407.01
3,000 - 5,999	1,110	20.4	417,088	20.1	375.75
6,000 - 7,499	475	8.7	164,535	7.9	346.39
7,500 - 8,999	383	7.0	134,410	6.5	350.94
9,000 - 11,999	668	12.3	243,914	11.7	365.14
12,000 - 14,999	602	11.1	235,093	11.3	390.52
15,000 - 19,999	546	10.0	218,202	10.6	399.64
20,000 +	143	2.6	50,695	2.4	354.51
TOTAL	5,433	100.0	$2,076,896	100.0	$382.27

*These funds were one-half institutional TPEG funds and one-half federal SSIG funds.

SOURCE: Coordinating Board, Texas College and University System.

TABLE III-27

COORDINATING BOARD, TEXAS COLLEGE AND UNIVERSITY SYSTEM
TEXAS PUBLIC EQUALIZATION GRANT PROGRAM
(TPEG-SSIG)
INSTITUTIONAL BREAKDOWN OF AWARDS BY INCOME LEVEL, SEX AND ETHNIC ORIGIN

TOTALS

1976-1977 June 30, 1977

	1. AMERICAN NEGRO				2. AMERICAN INDIAN				3. ORIENTAL AMERICAN			
INCOME LEVEL	MALES		FEMALES		MALES		FEMALES		MALES		FEMALES	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
0 - 2,999	128	61,854.00	249	103,985.00	3	1,700.00	6	1,656.00	3	600.00	4	1,130.00
3,000 - 5,999	90	42,161.00	179	71,337.00	1	240.00	3	1,050.00	3	1,700.00	5	1,880.00
6,000 - 7,499	30	11,412.00	75	29,974.00	2	824.00	1	300.00	1	194.00	0	.00
7,500 - 8,999	25	11,004.00	74	30,852.00	0	.00	1	300.00	0	.00	0	.00
9,000 - 11,999	45	18,717.00	71	32,434.00	0	.00	4	2,000.00	2	972.00	3	672.00
12,000 - 14,999	39	22,505.00	56	25,784.00	2	430.00	2	590.00	0	.00	2	340.00
15,000 - 19,999	22	14,138.00	41	19,368.00	1	500.00	3	1,270.00	3	1,120.00	0	.00
20,000 +	3	1,510.00	12	5,764.00	0	.00	0	.00	0	.00	0	.00
** 1976 - 1977 **	382	183,301.00	757	319,498.00	9	3,694.00	20	7,166.00	12	4,586.00	14	4,042.00

	4. SPANISH AMERICAN SURNAME				5. OTHER				6. TOTALS			
INCOME LEVEL	MALES		FEMALES		MALES		FEMALES		MALES		FEMALES	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
0 - 2,999	170	60,043.00	208	71,886.00	286	120,997.00	449	189,088.00	590	245,194.00	916	367,765.00
3,000 - 5,999	159	48,393.00	223	64,244.00	199	85,667.00	248	100,416.00	452	178,161.00	658	238,927.00
6,000 - 7,499	72	22,695.00	83	25,313.00	82	28,642.00	129	45,181.00	187	63,767.00	288	100,768.00
7,500 - 8,999	46	14,249.00	52	14,645.00	70	27,143.00	115	36,217.00	141	52,395.00	242	82,014.00
9,000 - 11,999	77	29,055.00	111	35,211.00	150	59,880.00	205	64,973.00	274	108,624.00	394	135,290.00
12,000 - 14,999	67	28,561.00	70	21,349.00	141	56,316.00	223	79,218.00	249	107,812.00	353	127,281.00
15,000 - 19,999	39	18,765.00	54	21,245.00	155	59,919.00	228	81,877.00	220	94,442.00	326	123,760.00
20,000 +	5	1,815.00	8	2,970.00	37	13,372.00	78	25,263.00	45	16,693.00	98	33,997.00
** 1976 - 1977 **	635	223,577.00	809	256,863.00	1120	451,936.00	1675	622,233.00	2158	867,094.00	3275	1,209,802.00

No. Awards: 5,433

Amount: $2,076,896

NOTE: These figures are for the TPEG-SSIG program in Texas public colleges and universities. Funds were one-half institutional TPEG funds and one-half federal SSIG funds.

SOURCE: Coordinating Board, Texas College and University System.

Texas Assistance Grants. The Texas Assistance Grants (TAG) program, together with the TPEG program, comprised the Student Financial Assistance Grants Act passed by the Texas Legislature in 1975. The TAG program is the first need-based grants program intended to serve students in both public and private institutions. Unlike the other state grant programs, which are limited to students in institutions of higher education, the TAG awards would be available to students in all eligible postsecondary institutions, including proprietary schools. The TAG program is funded by general appropriations from the Legislature and administered by the Coordinating Board. Total grant awards are limited to the student's demonstrated financial need as determined by the Coordinating Board, not to exceed $1,000 during any one fiscal year. Ten percent of the grant funds may be awarded to non-resident students who are citizens of the United States.

Although the Texas Assistance Grants program was passed in 1975, the program has repeatedly failed to receive any funding authority from the Legislature and is not yet operational. This is due in part to the lack of support in the Legislature for providing funds for proprietary school students. It also is due in large part to financial considerations and the "status quo" position of state legislative leaders. According to a Texas House of Representatives education analyst, "It's the whole mentality of the Briscoe (lame-duck Governor) and Clayton (Speaker of the House) camp that no new programs be funded. We could go on ad nauseum about the little specifics of the program, but we would eventually come back to the same fundamental problem -- money."

The future prospects of the TAG program will be discussed later in this study.

Observations on Sloan Commission Concerns

This chapter provides a review of state and institutional policies and programs with regard to tuition and student financial assistance. This view of state government-institution interaction has focused on students whereas Chapter IV considers this interaction from the perspective of governance as illustrated in the program and budget review processes.

This concluding section reiterates several issues and administrative practices noted or suggested in Chapter III, as well as addresses systematically the student aid program and tuition policy questions raised by the Sloan Commission on Government and Higher Education in its May 1978 correspondence with its state associates.

Tuition Policy. Relative to other states, Texas' public institutions have low tuition and required fees levels in order to provide greater access to higher education in the state. This policy and its implementation is described earlier in this chapter, together with supporting data.

In brief, required fees gradually have replaced tuition as the principal part of total assessed student charges in public institutions. The Legislature, which sets tuition levels, has been very reluctant to raise tuition levels so as not to hinder access. The required fees, on the other hand, are established by each institution within Legislature-imposed limits, and other fees tend to have increased gradually. There is no explicit policy whereby tuition and required fee levels are integrated.

As described in Chapter IV, however, total estimated tuition and required fees income in an institution is taken into account by the Legislature in its deliberations on the biennial appropriations bill.

Financial Aid Policy. The history and current status of the State of Texas' financial aid policy and programs for students in the state's institutions of higher education have been described in detail here in Chapter III.

Coordination of Student Cost and Financial Aid. Earlier in Chapter III the roles of the primary state decisionmakers (Coordinating Board, Legislature, institutions) with regard to student cost and financial aid policies were discussed, as was the relative lack of coordination resulting from these actors' often independent actions within agreed upon guidelines. In short, minimal coordination does exist, and it also is true that decisions in one area (e.g., tuition and required fees levels) may well affect decisions in the other -- yet to describe the interaction as strongly coordinated would be an overstatement. In fact, the situation in Texas appears similar to the pattern in the State of Washington outlined by Seth Brunner in his recent study for the College Board.

For instance, in 1971 the Legislature created the Tuition Revenue Scholarships program in response to increasing tuition levels. Neither the establishment of this program nor its funding levels was decided on the basis of a coordinated, objective analysis of student need. Rather, it was the easiest program to get through the Legislature in order to provide tuition relief. Likewise, the enactment by the Legislature of categorical fee exemption statutes is based primarily on the success of lobbying efforts rather than on an integrated student cost and aid policy. (Recall the previous discussions in this chapter.)

The evidence is inconclusive. The cost of education for the student has risen, but the percentage of total cost that a student pays for his/her higher education has decreased. The amount and variety of state-based aid has increased both in the aggregate and on a per recipient basis, yet the amount of unmet student need also has increased.

The relationship between state government policies and private institutions is equally difficult to specify. The head of the Coordinating Board's Division of Student Services has stated that the Board has no input on decisions regarding tuition charges at private institutions, even though these institutions participate in state student aid programs. On the other hand, however, the state's Association of Independent Colleges and Universities and individual private institutions have been relatively successful in increasing the statutory limitation and appropriations level of the Tuition Equalization Grants program as private tuition has risen in the last few years. The Board also has an indirect role in regulating state student financial aid program participation in the private institutions through its administrative activities.

Recipient data given earlier in this chapter and in Appendix B show that the private institutions in Texas have fared very well with respect to state student aid programs, in spite of their small "market share" of total enrollments. In contrast, private sector students account for only approximately 15 percent of federal BEOG program recipients. Although the true level of financial need of private sector students in Texas is unknown, this federal program information is consistent with a Texas study of a few years ago in which the unmet need of students in public junior institutions exceeded that of students in private institutions. All of this suggests, consistent with previous statements in this study, that private sector students tend to receive a favorable share of state financial aid dollars more because of their (and their institution's) aggressiveness in the appropriations and applications process than because of their desperate financial status. Public junior college students, on the other hand, have greater unmet need yet receive less state student aid than would be expected.

Federal-State Program Coordination. As suggested in the previous paragraph, whereas the federal government increasingly has targeted its student grant programs on low-income students, the state government has sought to improve access to higher education for all Texas residents. This has been done in part by the state through its low tuition policy, and in part through the availability of its state student aid programs (including the need-based programs) to students from a broad range of income levels. (See the Chapter III tables showing recipient data.)

Although it may be an overstatement to claim that federal and state programs are coordinated, nevertheless linkages exist. Federal guidelines clearly shape the eligibility requirements and administration of the SSIG program and the Hinson-Hazlewood loan program. The major impetus for the passage of the Texas Student Assistance Act by the Legislature in 1975 was the inability of existing state student aid programs for the public sector to serve as matching funds for federal monies. A number of state programs require that recipients use all possible federal programs (e.g., BEOG) before they can be authorized to receive state aid.

A current focus of federal-state discussion is the U.S. Office of Education's efforts to pressure the State of Texas to establish a state-based Guaranteed Student Loan (GSL) program. The Office of Education (OE) is attempting to encourage this action through promises of financial incentives to the state in the form of extra administrative allowances and seed monies. The major new components desired by OE in such a program would be eligibility for proprietary school students and out-of-state students, neither of which are eligible for Hinson-Hazlewood loans. This proposed program is discussed in greater detail in Chapter V.

Access. Throughout this chapter the state's strong and long-standing concern for access to higher (i.e., collegiate) education has been emphasized. Not only does this occur through the state's "low tuition" policy, but also the enabling legislation for each of the state's student aid programs emphasizes the state's duty to promote access to institutions of higher education (public and private).

With respect to the broader area of postsecondary education (which includes for-profit proprietary schools), however, the state has no expanded policy of access. The Coordinating Board's jurisdiction extends directly only to public institutions of higher education, and on a limited basis to private institutions of higher education. As the 1202 Commission, the Board has an Advisory Committee that includes proprietary school representation, but, as Chapters II and IV note, this has little effect other than satisfying federal guidelines.

Proprietary institutions are certified by the Texas Education Agency, but this does not ensure access through price regulation.

The federal government extends eligibility for its financial aid programs to students in proprietary schools as well as to higher education institutions. The State of Texas, however, does not extend eligibility for its currently funded student aid programs to proprietary school students. Institutional eligibility for Texas' programs requires either that it be certified (as might be the case for new institutions) or that its grades and credits are accepted by three accredited institutions.

It has been suggested that one reason the Texas Assistance Grants program has never been funded in Texas is that it would provide eligibility for proprietary school students. Coordinating

Board staff also express concern about the administrative feasibility of this expanded eligibility because then the Board would have to share financial aid program administrative responsibility with the Texas Education Agency.

Income Distribution and Need of Recipients. The Coordinating Board staff believes that the increased infusion of federal student aid funds (creating an inequity relative to state funds; see Chapter III) into Texas has led to a shift in the award patterns on the state level, although precise data are unavailable. The magnitude of the BEOG programs, for example, has led to a broader distribution across income levels of state grant and loan program recipients. In a sense, the state programs are filling a "gap" in the federal programs by providing aid to middle-income and upper-middle-income students as well as to low-income students. With respect to the state's Hinson-Hazlewood loan program, the head of the Coordinating Board's Division of Student Services states, "Our previous pattern was based on a rigid needs analysis. We were fearful that we would run out of money. Now we have liberalized the requirements as the demand from low-income students for (state) loans has decreased." He gave as an example Prairie View A&M University, which has shown a reduction from 10 percent to less than 2 percent in the number of financial aid recipients using state loans, in spite of the institution's high tuition relative to other state public colleges and universities (see Table III-1).

All state student financial assistance programs are need-based. According to the head of the Coordinating Board's Division of Student Services, "Merit is not a consideration at present." This is true, with the exception of the categorical grants, which are partially merit-based. (Also recall the previous remarks about the less strict interpretation of need now being applied.)

"Overawarding." "Overawarding" is not an issue in Texas, although periodically problems will surface which relate to the integration of several aid programs. ("Overawarding" generally means that the sum of all financial awards exceeds cost.) One financial aid officer on the Coordinating Board staff, for example, cited the problem of "overawarding" due to benefits received but not reported from VA programs. The extent of this problem is not known.

Although isolated instances of errors, abuses, and fraud have occurred in both the loan and grant programs, in general the Coordinating Board's Division of Student Services appears to be run efficiently. Each application for the state-administered program and the SSIG program is first checked visually, then rechecked by computer for accuracy, delinquency, and overlap.

There is no uniform state-wide system which specifies the type of financial aid package a student should receive. This is left to the institution. Some institutions (e.g., The University of Texas at Austin) have a relatively formalized process of awarding and packaging aid that is need-based and takes into account all sources of income so as to minimize "overawarding." These aid packages emphasize grants for lower-income and lower division undergraduate students, with greater emphasis on work-study and loan support as needy students proceed through the institution.

Distribution of Financial Aid Funds. Chapter III provides a wide range of information about the distribution of financial aid dollars and recipients among various types of institutions. (See also Appendix B.)

All state-based financial aid funds are used for student awards. None are used for the programs' administrative purposes in institutions or in the Coordinating Board. Administrative expenses are formula items. (See Chapter IV.)

Initial Year/Continuing Year Awards. The question of "balance" between initial year and continuing year awards is relevant only with respect to the SSIG program, discussed earlier in this chapter. The other state-based programs are not constrained by continuing year criteria or guidelines.

As noted above, financial aid packages for an individual often differ from year to year, depending on the student's status in the institution. Whereas an initial year package might be composed primarily of grant dollars, later (i.e., "continuing year") packages likely would have high proportions of work-study and/or loan monies. In fact, according to a Coordinating Board official, a standardization of financial aid packaging along this approach may be implemented in the future.

Portability. At present, for all state aid programs administered by the Coordinating Board, no awards received by Texas residents may be used at non-Texas institutions of higher education. However, a few other small programs have portable awards. For example, the Texas Rural Medical Loan program is authorized to lend money to a Texas citizen attending a World Health Organization-approved school of medicine. At present, some Texas residents enrolled in Mexican medical institutions are taking advantage of this program.

On the other hand, certain out-of-state students in Texas institutions are eligible for Texas financial aid through grant and loan programs as well as through tuition exemption statutes. (See Table III-4.)

Independent Students. The State of Texas uses the same criteria and definitions as the federal government to determine the independence/dependence of an applicant for student financial aid.

SSIG Program. This program, that part in the private sector in Texas as well as that part in the public institutions, is discussed in detail earlier in this chapter.

With respect to the programs's base year, currently in Texas this is 1971 (two years prior to enactment of the program). As of 1977-78, Texas has shown the third highest growth among states in financial aid program increases over base year figures. Thus Texas likely would receive fewer federal SSIG dollars should a rolling base year be introduced.

IV. STATE GOVERNANCE: PROGRAM DEVELOPMENT AND INSTITUTIONAL FINANCING

States (and state governments) have primary responsibilities in the United States for the advanced (or higher) education of their citizens. States appropriate funds for higher education and through tuition and student aid policies and programs help to underwrite its cost.

A term commonly used to refer to the decisionmaking processes affecting higher education in the states is governance. The most direct involvement of states in governance issues occurs through the financing of higher education -- in particular, through the appropriations process broadly viewed. While governance and the control and allocation of financial resources are not synonymous, nevertheless it is clear that ultimate fiscal decisions are directly associated with most issues of governance of concern to state governments and institutions of higher education.

This chapter examines higher education governance issues in Texas through a detailed look at the State Legislature-Coordinating Board-institution interactions that occur in the program development and financing processes (with emphasis on the latter). This process approach provides insight into the higher education governance roles and relationships in the state and suggests governance issues facing the state in the future.

Governance Through Program Development

Before examining the financing process, it is useful to review the related process by which the state government, primarily through the Coordinating Board, seeks to control program development and hence program costs. In this time of stabilizing enrollments and state funding, this area of potential conflict between institutions and the state government offers an opportunity to see how state decisionmakers seek to control the longer-term (often indirect) expenditures of higher education through review and control processes. Particular attention here is given to the Coordinating Board, the state agency most responsible for planning the future of Texas higher education, as it seeks to balance and to buffer the pressures from the state's executive and legislative branches and, on the other side, the institutions.

The Coordinating Board is required by law to "review periodically all degree and certificate programs offered by the institutions of higher education to ensure that they meet the present and future needs of the State." The Board has "prior approval" authority over the initiation of new administrative units or instructional programs, and is charged to consider the "best interests of the institutions" and the "general requirements of the State of Texas." (Section 61.051 (e), Texas Education Code, 1971).

Trends in Program Development. In the late 1960s and early 1970s, concern over the feasibility of unlimited expansion of higher education led to increased review of new and expanding programs by the Coordinating Board. The Coordinating Board stressed careful review of programs within and among institutions to limit the number of requests sent to the Coordinating Board. When a request reached the Board, its position generally was one of "approval, if there are no compelling reasons not to". In short, the Board monitored, but did not control, program development.

Program change requests to the Board during the early 1970s generally were due to four major factors:

(1) Establishment of new institutions which then needed all new programs.

(2) Redirection of programs due to changing economic and social needs, and greater flexibility in degree structures. "Flexibility" was reflective of trends toward both specialization (e.g., preparation for a particular occupation) and generalization (e.g., as seen in "general" and "comparative" studies).

(3) Stabilization of university enrollments. This signalled a need to attract more students by offering a larger variety of programs.

(4) Diversity of the student body with respect to age, academic preparation, and career goals.

By 1973, two additional trends were influencing program change requests:

(5) Reported "oversupply" of graduates in certain traditional

disciplines.

(6) Continuing shortage of adequately trained personnel in some developing careers (e.g., teachers for vocational education programs; teachers for special education, kindergarten, and early childhood programs).

A combined institutional response to factors three and four above was that the institutions began to identify a large increase in the number of potential students who retained full- or part-time jobs, but who were interested in attending college part-time as well. Career upgrading and career mobility programs were developed. Many community colleges, in particular, responded to the needs of this new group of students.

From 1972 to 1978, one common institutional approach supported by the Board has been to include or clarify the potential "occupational-technical" programs in existing four-year institutions to make them more competitive with the community colleges.

One other variation, which has caught on slowly in four-year institutions, is the increase in programs which draw graduates of two-year vocational or technical programs. These new programs (labelled "upside-down") include two years of general academic courses at the upper division undergraduate level to compensate for those courses not taken in the junior college program. (This is the reverse of the traditional four-year program in which the student begins to specialize at the end of the program.)

At the community college level, the increase in programs has been extended by "out-of-district" courses which must be approved by the Coordinating Board. These course offerings allow for the extension of higher education opportunities to communities without establishing a new community college.

Once a program request reaches the Coordinating Board, the criteria established and used by the Coordinating Board staff to determine the merit of an institution's degree program request include:

(1) The program must be consistent with the institution's role and scope.

(2) The program should not be duplicative of those at other institutions, unless clear and sufficient need is demonstrated.

(3) Faculty resources must be adequate for a high-quality program.

(4) Library resources must be adequate for the program and must meet the standards of the appropriate accrediting agencies.

(5) Administration of the program should not be unduly cumbersome or costly.

(6) There should be a demonstrated and well-documented need for the program in terms of meeting present and future manpower needs of the state and nation.

(7) There should be suitable financing available to initiate the program, and the program should have a growth potential to guarantee adequate funding in three years.

While these are the established criteria for Coordinating Board program review, the Coordinating Board also influences vocational - technical program review and development through participation in the Advisory Council for Technical-Vocational Education, the Joint Committee, and the Joint Program Review Committee (see Chapter II).

Recent Shifts in Coordinating Board Role. The primary basis for many of the Board's programmatic and institutional decisions is its authority to "clarify and prescribe" the role and scope for each public institution (junior, senior, medical, and dental) of higher education in Texas (Section 61.051, Texas Education Code). Through this authority the Coordinating Board exercises control over the level and kind of academic or occupational programs offered (i.e., role) and the extent of these offerings (i.e., scope) in public institutions.

From the formation of the Coordinating Board in 1965 until recently, the "role and scope" of each institution has been a flexible and general statement, due principally to the extremely high growth rate of institutions. The Board therefore traditionally had little basis for disapproving an institution's program request and generally granted approval.

Now, however, the Board has shifted to a position of "disapproval, unless there are compelling reasons to approve". Whether this Board shift reflects the concern of the present governor and several legislators that growth in the numbers of institutions and programs must be stopped immediately if the state is to avoid "repeating mediocrity" through duplicative programs or whether it reflects an independent judgment reached by the Board and its staff is less important than that it has occurred and has the support of the state's executive and legislative branches.

Representative of this more activist stance are the new institutional role and scope studies being prepared by the Coordinating Board on the basis of institutional statements. Although the scope of a few institutions continues to increase, the Board is beginning to place limitations on the overall growth of programs. Its Division of Senior Colleges and Universities now reviews proposed program expansions or new programs with a view toward "substitution" -- i.e., matching the expansion of one program with the elimination or contraction of other programs.

This substitution approach is accepted by the Governor's Budget and Planning Office as a legitimate attempt at budget restraint. The Division of Senior Colleges and Universities also views itself as having a good working relationship with institutions (although institutional administrators are less enthusiastic). This is supported, in the division's view, by the fact that institutions generally accept the Board's decisions on program expansion issues without approaching the Legislature. The major instances in which institutions have raised their proposals to the Legislature have been graduate-level professional schools, but even in these cases the Legislature has begun to give considerable weight to Coordinating Board recommendations.

This concern about new degree programs formally began in 1974, when the Coordinating Board (with the support of the Legislature) declared a moratorium on increases in degree programs. Institutions joined the Board in a cooperative deferment of such proposals until the 1976-1977 academic year.

This limitation on program expansion was imposed for several reasons, according to Board sources. First, the Governor, Lieutenant Governor, and Speaker of the House issued a joint appeal for state agencies to limit FY 1974-FY 1975 spending requests to the FY 1972-FY 1973 biennium levels, except for high-priority programs. Second, the Coordinating Board was awaiting the results of two studies, one an accurate assessment of available state higher education funds and the other a comprehensive "role and scope" project in which all institutions were reviewing degree programs and general operations.

In 1976, the Coordinating Board Program Development Committee recommended further studies of proposed high-cost graduate programs in areas where the number of degree-holders exceeded employment opportunities. This was in direct response to a statement made by Governor Briscoe concerning the need for coordination of educational offerings with employment opportunities in the state.

In the same year, the Coordinating Board took a major step in program planning and coordination. New comprehensive procedures were established to evaluate the needs of Texas senior colleges and universities. Quoting from the Board's 1976 annual report, the goal of this analysis was to "assist in the evaluation of cost effectiveness and maintenance of quality. Institutions' role and scope, student enrollments, program productivity, and job market trends were among factors considered by the Board."

This was a new direction for the Coordinating Board. Not only did it assume responsibility for analyzing higher education institutions' degree and certificate programs in the context of changing enrollment patterns and funding levels. It also directly detailed which programs would be considered appropriate for competing institutions, based on criteria and quantitative data which included program productivity, student enrollments, and number of faculty. In making recommendations to the Board for program approvals or disapprovals, the Board's staff was to supplement quantitative analyses with discussions with institutional representatives. Also, the 1202 Commission occupational data relating college programs to jobs (see Chapter II) were to be incorporated.

This new mandate of the Coordinating Board to restrain institutional growth only now is becoming a real challenge to institutions desiring to expand. The first detailed study to be completed by the Division of Senior Colleges and Universities will focus on professional programs, particularly those at the doctoral level. Texas state officials, led by the current Governor, are pressing institutions to arrest the expansion of doctoral programs, which they view us unnecessary in view of the occupational oversupply of college and university teachers and others unable to find jobs in the "real world." Among the review criteria to be used are the need to acknowledge the high cost of programs with relatively fewer students and the qualitative impacts and issues associated with the development of such programs. The Board and its staff will use out-of-state consultants active in the professional fields being reviewed to conduct these evaluations. This review will continue through all program levels, until the Board has developed a complete and more strict set of requirements for program expansion.

Similar activism by the Coordinating Board, again with the support of the Legislature, is evolving with respect to course offering reviews. Responsibility for such reviews has been delegated to the Board by the Legislature. Once a year each public institution of higher education is required to submit to the Board a list of all courses it plans to offer. Statutes prohibit program expansion that includes subject matter courses outside of approved degree and certificate programs without prior Board approval. At the community college level, all general academic courses must be university-parallel to ensure full transfer of all credits to Texas' public senior colleges and universities. The Coordinating Board may also delete or consolidate courses.

Particular attention recently has been directed by the Board to off-campus course offerings. In 1976, the Legislature placed coordination of these programs under the control of the Board. The Board has used this legislative mandate to bear down on off-campus course offerings of both junior- and senior-level public institutions. For several years the current Commissioner of Higher Education has been an advocate of more control in this program development area, believing these programs lessened the quality of an institution. To evaluate the quality of these programs and to make recommendations regarding their continuance, the Board has developed thirteen criteria.

This review now has been extended to all Texas private institutions and out-of-state institutions having off-campus programs in Texas. In the latter case, the Board has requested the national Council on Post-Secondary Accreditation to review such programs in light of quality maintenance, and to pressure these institutions (when necessary) to strengthen their Texas programs or face loss of national accreditation. The effectiveness of this last review cannot yet be determined.

Governance Through Financing

The financing process is the crux of the governance interrelationships between state government and public institutions of higher education. The State Legislature and the Governor always have been viewed as active participants in this process -- the Legislature making biennial appropriations and general higher education policies, and the Governor appointing institutional governing board members, making budget recommendations, and holding line-item veto power over appropriations. The creation of the Coordinating Board in 1965 to succeed the Texas Commission on Higher Education was a legislative attempt to provide a state-level agency to coordinate higher education planning (including budget development) in Texas, and the result has been the insertion of yet another major participant in the financing process.

Early appropriations for higher education were highly detailed, with prescribed functions, departments, and positions for each institution listed with budget allotments. As the system became more complex, appropriations tended to be grouped by functional categories. The process of review and approval of appropriations became more and more structural.

Evolving from these earlier efforts has been a formula-based biennial higher education financing cycle in Texas which now may be viewed generally as having the following elements:

(1) The Coordinating Board, with input from the state's colleges and universities, designates the formulae upon which approximately 80 percent of the institution's budget requests for the next biennium will be based. (Recall that the State Legislature meets for 140 days every odd-numbered year; see Chapter II).

(2) Using the formulae, each public institution prepares its budget request based upon latest available enrollment data and submits it to the Coordinating Board, the Legislative Budget Board (LBB), and the Governor's Budget and Planning Office. The Coordinating Board, in turn, reviews the requests, adjusts (if necessary) the formula requests in accord with more recent enrollment data, and certifies to the two budget offices that the formulae have been applied correctly.

(3) The LBB and the Governor's Budget and Planning Office review the institutional requests, hold budget hearings for each institution, and submit independently their respective budget recommendations to the Legislature.

(4) The Legislature considers the budget offices' recommendations, together with any additional information it might have received from individual institutions or the Coordinating Board, and passes an appropriations bill for the Governor's review and signature.

These four steps are the focus of the sections that follow.

(1) Designation of Formulae. As early as 1937 the Texas State Legislature attempted to establish formulae for funding certain public higher education operating costs. Salaries were the first item to be funded in this way. Early formulae were per capita-based. Although this approach may have lessened institutional lobbying for line items, it ignored other relevant factors affecting higher education development. It also led to increased competition for students among public institutions.

By 1955, the Legislature directed the Texas Commission on Higher Education to designate formulae, to see that each institution prepared its request in accordance with the formulae, and to revise the formulae periodically. The Commission also was empowered to recommend "all phases of higher education appropriations requests." This was intended to decrease further the direct lobbying of legislators by each institution.

In 1965, the Coordinating Board was established and given the authority and duty to revise the formulae, along with the duties previously held by the Commission. Although the steps in the appropriations process have remained virtually the same since 1965, the process changed in two significant ways in 1965.

First, the formulae were designated to be used by the Governor's Office and the Legislative Budget Board (LBB). These two budget offices were authorized to make recommendations to the Legislature based on the formulae. They therefore began to take a more active interest in the way the formulae were developed by the Coordinating Board.

The other significant change in 1965 was that the LBB, the Governor's Office, and the individual institutions were authorized to request or recommend "deviations from any applicable formula or formulae prescribed by the Board, and advance reasons and arguments in support of them." This meant that in the event any of the institutions did not receive what they believed constituted appropriate consideration through the Coordinating Board-approved budget process, they could argue their cases in the Legislature.

By 1977, formulae had been created for thirteen major categories of funding:

* general administration and student services;
* general institutional expenses;

- fringe benefits;
- faculty salaries;
- departmental operating expenses;
- instructional administration;
- library;
- organized research;
- extension and public service;
- physical plant general service;
- building maintenance;
- custodial services; and
- grounds maintenance.

Formulae used in these categories for the 1978-1979 biennium are described in Appendix C. Not all these categories are used at the community college level. These categories covered approximately 80 to 85 percent of total higher education funding in the biennium.

(a) Administrative Procedures in Formula Development. The Coordinating Board has developed procedures for formula review and development in which its Division of Financial Planning has overall responsibility. The head of the Division (who also is the Deputy Commissioner) in turn designates one 14-member (12 academic, 2 lay) public senior college and university formula advisory committee and one 11-member (8 academic, 3 lay) public community junior college advisory committee. These advisory committees are further assisted by formula study committees (composed of institutional representatives), with more than 85 faculty, administrators, and citizens participating in the entire drafting process before the formula recommendations are presented to the Board for approval.

The process of designating formulae on which the budget recommendations for a biennium (e.g., FY 1980-FY 1981) will be based begins two years before, immediately upon the adjournment of the prior regular legislative session (e.g., June 1977). At this time the Coordinating Board appoints the members of the two formula advisory committees and the various study committees, as well as analyzes the impact of the new appropriations bill on formulae and institutions. Initial meetings of both advisory committees are held in the early fall of that year, more than one year prior to the next regular session of the Legislature.

The senior institution advisory committee is assisted during the next several months by eight formula study committees, one of which is responsible for each of the eight major formula categories (see Appendix C). Study committee members review formulae in relation to operational costs of institutions. (Recall, however, that not all appropriations are formula-funded. Monies are appropriated by the Legislature for non-formula areas such as utilities, campus security, major repairs, and rehabilitation.)

Study committee membership varies little from biennium to biennium for purposes of continuity. Members must be active, however, if they are to remain on the committees. Study committees are largely self-reliant, with limited Coordinating Board staff assistance. Institutions actively lobby with the Coordinating Board to have their representatives appointed. They perceive the formula development process as critical from an equity standpoint, and view their participation as an opportunity to press for the inclusion of special factors in the formulae.

The head of the Division of Financial Planning believes that the study committees make substantive changes in formulae as a result of their reviews. They may review and adjust formulae, for example, to reflect federal affirmative action requirements, student loan guidelines, or levels in other states. The staff of the Governor's Budget and Planning Office feels the study committees play a lesser role, only adjusting formula rates to reflect inflation rates.

To formulate its rate recommendations for state aid, the public community college formula advisory committee conducts a survey of eight specific areas of cost in the state's 47 community college districts. These categories -- similar to, but less extensive than, the categories used by senior institutions -- are general administration and student services, general institutional expenses, faculty salaries, departmental operating expenses, instructional administration, library, organized activities, and staff benefits. After reviewing contact-hour costs, recommendations are made for both general academic areas and vocational-technical education.

Each of the two advisory committees reviews the reports from its respective study committees and then makes its own determinations as to what to send to the Commissioner. The Commissioner in turn transmits the advisory committee recommendations to the Coordinating Board. If the Coordinating Board staff disagrees with or wishes to modify the advisory committee recommendations, it may send its own report to the Board through the division head.

Formula recommendations for academic programs in both senior and junior institutions are considered at the Coordinating Board's first quarterly meeting in even-numbered years (e.g., January 1978), one year prior to the next legislative session and in time to permit institutions to prepare their biennial budget requests. (Vocational program formula recommendations are submitted to and considered by the Texas Education Agency at about this same time.) The Board encourages advisory committee members to attend the Board deliberations on proposed formulae.

Decisions by the Coordinating Board on funding formulae generally are viewed by Texas state government officials as conservative. Increases in general reflect a response to inflation, and primarily are seen in such categories as library funds and organized research. The Coordinating Board recommendations clearly are viewed as distinct from the recommendations of the study committees and the two formula advisory committees made within the formula designation process, with the latter frequently reflecting the less fiscally restrained views of the academic community. This is consistent with the increasingly common view of the Board and its staff as a "buffer" between the institutions and the Legislature and Governor's Office which "takes the heat". (The Commissioner of Higher Education in fact has stressed this Board role with his staff.)

In addition to the biennial formula revision process described above, the Legislature periodically has funded special comprehensive reviews of the state funding of higher education and the role of formulae. In 1977, the Legislature appropriated $175,000 for the Coordinating Board to direct such a review. This study, scheduled for completion this year, is reviewing the utility of the formulae, other states' procedures, the expenditure of appropriated funds, and the simplification of the formula designation process. Study staff include external consultants as well as Coordinating Board personnel. Since the time of the last study in 1969, most formulae have been changed at least once. With the increase in the availability of institutional data, the Board (and the Legislature) believes the current study will enable the formulae to be matched more closely to institutional needs.

As this updating study progresses, the Governor's Budget and Planning Office staff has suggested that consideration be given to relating formulae to the real costs of programs without restricting institutional flexibility in spending the formula-based appropriations.

One area being examined by this formula restudy group is the possibility of linking annual institutional financial statements to the funding formulae. The head of the Coordinating Board's Division of Financial Planning believes that institutional accountability for funds can best be achieved in this way. If, for instance, it is clear from annual financial statements that a majority of the institutions (e.g., 70 percent) consistently use more of their allocations in a particular category than they received through the formula process, then possibly the factors and rates in that formula should be changed to reflect more closely an institution's needs.

(b) Characteristics of Formulae. Certain characteristics can be used to describe the formulae in general; others relate to specific issues or formulae. The following are worth noting briefly in this discussion (also see Appendix C):

(1) Special Adjustments. From 1937 to the present the funding formulae have incorporated adjustments to smaller schools to cover higher per-student administrative and instructional costs, namely, a 10 percent addition to the institution's regular formula-based appropriation. This adjustment process also occurs in the case of other significant institutional characteristics (e.g., large graduate enrollments or extensive research activities).

(2) Equity vs. Need. Equity in the distribution of state resources is the primary goal of the formula process. A recent

Texas Research League study of higher education finance points out the extreme to which this emphasis has been taken:

> The [Texas Higher Education] Commission in its 1957 Annual Report announced that it would begin its analysis and designation of formulae for use in funding state senior colleges and universities, observing that "... emphasis will have been placed upon gaining an equitable distribution of State funds rather than upon determining the needed level of appropriation." (emphasis added)

This concept of "equity before need" was included in the 1965 statute creating the Coordinating Board. Realistically, however, the Board acknowledges that differences in institutional needs exist. Moreover, institutions also recognize that exceptions to the equity goal are possible through line-item funding for special programs and on the basis of differences in institutional "role and scope" statements (e.g., research-oriented institution vs. community college).

(3) Non-Binding. Formula-derived budget amounts are not binding on the State Legislature. Although the Legislature, through the work of the Legislative Budget Board, does use the formulae to arrive at appropriations levels, individual items and categories seldom are funded at the levels certified by the Coordinating Board.

(4) Out-dated. As suggested earlier and as confirmed in a recent Texas Research League (TRL) study, many formula calculations currently do not reflect the reality of what occurs in institutions. (One of the primary goals of the current formula/funding study is to resolve these problems.) As an

example, TRL pointed out that a 1974-1975 Custodial Services salary schedule had been based on a state salary schedule not applicable to university personnel. The TRL study also pointed out that faculty salaries are determined by multiplying a dollar rate for each level of instruction by the number of "base period semester credit hours" for nineteen program areas. This credit hour computation is the only formula factor directly related to institutional operating costs, being based on current enrollment figures. But in the determination of the "dollar rate" three questionable sets of data are involved:

- student/faculty ratios based on a 1969 composite study of the median ratios for six states, with Coordinating Board revision;
- salary levels based on this same 1969 study of six states (in turn based on American Council on Education graduate-level salaries), adjusted for inflation; and
- full-time student equivalency hours set in 1969-1970 at 30 for undergraduates, 24 for masters-level students, and 18 for doctoral candidates.

(5) Funding/Expenditure Disparities. Formula amounts received often are not directly related to actual expenditures. The formula process may appear cost-based, but to obtain all the funding it can get an institution often will request more money in some categories than it actually needs. This practice results from the state permitting institutional discretion in the use of some appropriations. For instance, even though salary appropriations are made for nineteen distinct program areas, an institution may consider the total salary appropri-

ation as a single "pool" which it can allocate as it chooses. An advantage of this practice is the flexibility it provides institutions, which may choose to support particular programs at higher-than-funded levels. On the other hand, from the perspective of state government this increases institutional antonomy at the expense of Legislature or Board influence and coordination of program development.

(2) Institutional Budget Development. As described in the preceding section, formula recommendations are approved by the Coordinating Board at its first meeting in each even-numbered year. At about that same time (e.g., February 1978), a joint committee composed of staff representatives of the Coordinating Board, the Legislative Budget Board, and the Governor's Budget and Planning Office reviews (and possibly revises) the budget instructions that accompany the formal transmission of budget formulae to the institutions.

By March or April all institutions and institutional systems have received their budget development instructions and formulae for preparing requests for appropriations. Four budget levels are to be prepared for each budget category (non-formula as well as formula):

(1) 90 percent of the amount in the current budget;

(2) Current budget amount for non-formula areas; current budget adjusted by new enrollment figures for formula areas;

(3) 100 percent of the new formula-based amounts for formula areas; 100-200 percent of the current budget amount for non-formula areas; and

(4) Same as (3), but with 120 percent.

Development of budget requests in institutions is hierarchical and similar to processes in other states' public institutions, with budget request data prepared and reviewed in turn at the departmental level, the school/college level, the vice-presidential level, and the level of the president of the institution. In the case of a system (e.g., The University of Texas), the budgets of the different system component institutions then are reviewed by the System budget director. (There are 12 such component institution budgets in the case of The University of Texas System.) By late summer (e.g., August), about five months prior to the start of the legislative session, completed institutional budgets are forwarded to the Coordinating Board, the Legislative Budget Board, and the Governor's Budget and Planning Office.

Budget requests in formula-based categories are developed in accord with the budget instructions and formulae received from the Coordinating Board, the Legislative Budget Board, and the Governor's Budget and Planning Office. Selected funding areas in which the institution has a unique need for special items are permitted to be excluded from the formula process. These "special items" vary from institution to institution. Although many non-formula items could be considered within the framework of one or more formulae (e.g., organized research), political reasons often dictate that certain items be considered outside of the formula process. In one sense, these few special items are viewed as a "legitimate loophole" for local legislators. Non-formula, non-special items such as campus security and utilities usually generate little disagreement either between the Coordinating Board and the institutions or between the Legislature and the institutions.

The head of the Coordinating Board's Division of Financial Planning has suggested that some Texas public institutions of higher education would prefer to have most, if not all, funding areas included under a formula approach. In the facilities repair area, for instance, institutions that traditionally have failed to receive these funds would benefit from a more uniform formula-based procedure for allocating the scarce resources available. (On the other hand, however, the more political, non-formula approach often does provide funds to those institutions most in need of the money for repairs.)

(a) "Other Education and General Funds." The sum of its formula and non-formula items equals the institution's total required funding. The total amount remaining after subtracting the "other education and general funds" income generated at the institutional level is the general revenue appropriations level requested by the institution.

Even though this "other funds" category has decreased in importance, the funds still play a major role in Texas higher education. Student tuition and required fees make up the largest item in this funds source. (See Chapter III for a discussion of tuition and fees policies and structure.)

Because the size of this institutional funds source is uncertain and must be estimated by each institution and because larger estimates mean smaller appropriations levels, institutions attempt to bargain with the Coordinating Board and Legislature by estimating a low "other funds" level. Because an institution may use any excess (over its budget estimate) in funds generated for any legitimate purpose, institutions have little incentive to make accurate estimates and thus possibly lose extra state funds.

Some institutions use their excess funds resulting from underestimating "other funds" income to expand, on their own initiative, into new program areas. The Coordinating Board and the Legislature have not objected to this practice. Thus an institution may create new programs in one biennium without needing to request "program start-up" funds, then return to the Legislature in the next biennium to ask only for maintenance funds based on actual "program" expenditures (including new programs) and still receive an increased appropriation due to the new programs. Thus, these "other funds" estimates not only shape the size of an institution's request to the Legislature in the biennium for which the estimate is made but also have a multiplier effect on institutional appropriations requests and state spending patterns for several years into the future. Table IV-1 illustrates this effect of excess funds on later-year program maintenance costs, based on

FY 1966-FY 1975 excess funds available for institutional use as a result of underestimated "other funds" income.

TABLE IV-1

THE POSSIBLE MULTIPLIER EFFECT OF EXCESS FUNDING
State of Texas
(Millions of Dollars)

BIENNIUM	EXCESS	Program Maintenance in Succeeding Biennia 68-69	70-71	72-73	74-75	76-77	TOTAL
FY 1966-1967	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$40.0
FY 1968-1969	3.1		3.1	3.1	3.1	3.1	12.4
FY 1970-1971	16.0			16.0	16.0	16.0	48.0
FY 1972-1973	8.1				8.1	8.1	16.2
FY 1974-1975	12.3					12.3	12.3
TOTAL	$47.5	$8.0	$11.1	$27.1	$35.2	$47.5	$128.9

SOURCE: Texas Research League.

(b) Construction Funds. One substantial funding source which provides funding to the institutions external to the formula-based process but which impacts on the ability of institutions to support the physical aspects of program development are the construction funds.

The state's most well-known fund of this type, the Permanent University Fund (PUF), is an endowment whose income is placed in an Available University Fund (AUF) for support of The University of Texas (two-thirds of the funds) and Texas A&M University (one-third of the funds). The Fund initially was intended to provide financing for construction. Then in 1947 a constitutional amendment permitted issuance of bonds backed by the PUF to raise capital for permanent improvements. Until 1971 funds in excess of that needed for bond debt service (drawn from AUF revenues) would be spent only for capital improvements. That restriction was removed in 1971, and now AUF surpluses can be spent to support any legitimate university purpose.

Contrary to what sometimes is thought, AUF monies are appropriated and thus subject to state government review. However, appropriations are "lump-sum" and very general. Moreover, the "estimated" appropriation of AUF monies is generally at a lower level than the AUF income actually available to the institutions for spending. To illustrate the different institutional approaches, Texas A&M University continues to devote the majority of its AUF funds to support campus expansion or construction, with only 10 to 15 percent of the funds being used to supplement current operations. The University of Texas, on the other hand, recently has spent almost 50 percent of its AUF funds to cover current operating expenses (e.g., salary supplements).

Seventeen institutions other than Texas A&M University and The University of Texas (see Chapter II), under the authority of the Constitution, have a fund for permanent improvements funded through a state ad valorem tax on property at a rate of 10¢ per $100 valuation. The institutions were to receive funds from the tax levy during the twelve-year period which began in 1966, receiving 85 percent in 1966 and the remaining 15 percent in 1972. This funds distribution plan meant that the participating schools received money at the beginning of the allocation period rather than at the end, and that much of the revenue collected was used to pay interest, rather than for building construction. Because projected revenues were pledged to pay off outstanding bonds, the list of participating schools and the allocation among them were fixed for the entire period.

In 1972, midway through the twelve-year funding period, the remaining 15 percent totalled $11 million. An additional $18 million had accumulated in the current fund due to conservative estimates of what the ad valorem tax would produce over the twelve years. The $18 million was used to refund the outstanding debt and to issue new bonds for the additional six years of the twelve-year period. By 1978, $28 million remained in the balance. That money is now to be available for a lump-sum allocation to the seventeen participating institutions. The projected enrollment increases to the fall of 1978 as approved by the Coordinating Board in 1972 were to determine the allocation of one-half of this remaining 15 percent, with the other one-half of the funds to be disbursed according to the institutions' needs for additional facilities.

With the existence of the AUF and the ad valorem tax funds, there remained only five senior institutions which did not receive the benefits of construction funds. The State Legislature passed acts in 1971 and 1973 to permit these five institutions of higher education to use student tuition income to support tuition bond issues, the proceeds of which were to be used for construction. These institutions included parts of The University of Texas System (Dallas; San Antonio; Permian Basin; four new medical, dental and nursing schools); parts of the main campus at Texas A&M University; Texas A&I University; Texas Eastern University; and the University of Houston at Clear Lake City. The University of Texas System was allowed to support these bonds with tuition from all institutions in the system, not just those participating in the tuition bond funding.

The funds used to pay these bonds plus interest come directly from State of Texas general revenue. To calculate an institution's appropriation, total expenditure requirements are summed and any income items are subtracted, with the balance appropriated for general revenue. When tuition is used to support bonded debt rather than the general operations of an institution, the result is a larger drain on general revenue.

In this regard, in 1973 the Coordinating Board recommended a reduction in fees paid by part-time students. But the Legislature was concerned about endangering the payment of general revenue bond obligations backed by pledges of tuition income, so it defeated the Coordinating Board recommendation. Instead, the Legislature enacted a bill (HB 83) to allow students to pay student service fees and building use fees proportional to hours taken. Since required fee levels are subject to institutional governing board approval, however, there is no assurance that the part-time student will benefit from this bill.

(3) State Budget Office Reviews. The third phase in the financing process might be viewed as starting with the late-summer submission by institutions of their appropriations requests to the Coordinating Board, the Legislative Budget Board (LBB), and the Governor's Budget and Planning Office (GBPO). The Coordinating Board's involvement at this stage is to certify that the institutions' budgets have been prepared in accord with funding formulae. In addition, the Coordinating Board takes whatever new data (e.g., on enrollment) that recently might have become available and updates, as appropriate, the formula computations. The results of this Coordinating Board review then are transmitted to the LBB and the GBPO.

Even prior to receiving the institutions' budgets, the LBB and the GBPO have been preparing for the upcoming legislative deliberations on higher education. In the 20-month interim between regular legislative sessions, LBB and GBPO staff regularly conduct studies of the financial needs of state agencies, including public institutions of higher education. Recent interim studies have examined faculty workloads and medical insurance, for example. Frequently in the late spring of even-numbered years these state budget offices will conduct site visits to institutions to review the need for major repairs, renovations, special projects, and the like. These site visits will be made either at budget office staff initiative or at institutional request, and frequently also will involve Coordinating Board staff.

After receiving the institutions' proposed budgets, the LBB and the GBPO conduct budget hearings on these budgets from July through September, as often as possible at the institutions themselves. Although institutions view the budget examiners in attendance as "cutters," these sessions are useful both to the institution and to the budget office staff. The president of an institution leads the institution's budget hearing presentation, which includes discussions of formula levels as well as general funding concerns. As they did with the Coordinating Board staff earlier in the budget process, institutional administrators in these hearings seek to minimize their expected income from "other education and general funds" in an effort to maximize the appropriations levels that the budget staff will recommend. The two budget staffs usually increase the institutions' estimates of "other funds" income as they prepare their recommended appropriations levels.

During the three to four months immediately preceding the regular legislative session, both budget offices develop their respective recommendations. Each budget office makes decisions in accord with its own priorities as it prepares and summarizes institutional levels. Most amounts are close to Coordinating Board-certified levels. The LBB conducts more public forums during its deliberations, and commits considerable staff time to the higher education financing process. The GBPO finds it less difficult and less necessary to reach a consensus, needing to satisfy only the Governor; it also uses less staff resources.

Within the LBB, the Education staff develops its recommended request levels and then presents these to an internal Board of Review which makes its own recommendations. The Board of Review then presents the recommendations to the entire LBB staff, which in turn presents its recommendations through the LBB staff director to the LBB itself. The LBB reviews the submissions, usually making relatively few changes. Then the Legislative Council (another Texas State Legislature agency) writes up the appropriations bill in correct form. At the start of the legislative session, the LBB transmits its own appropriations bill to the Legislature.

LBB staff persons view their roles as non-political. In their view, their job is to present the facts and let LBB itself make the political decisions. They further indicate that institutions and institutional representatives do not apply pressure at the staff level for increased appropriations request levels; rather, if this is done, it is done directly with legislators as they debate the funding issues during the session.

The GBPO spends less time than the LBB in reviewing the institutions' requests, given its recognition that the one GBPO staff person responsible for higher education also has other areas to cover. The GBPO believes that the Coordinating Board serves effectively as a buffer between the institutions and the executive branch, and generally chooses to insert itself actively into the funding process only in the case of special items. The GBPO appropriations recommendations are submitted to the Legislature separate from those of the LBB.

(4) Appropriations Bills. Upon convening in January (of each odd-numbered year), the State Legislature receives the appropriations levels for the public higher education institutions in the overall state budget prepared by (independently) the LBB and the GBPO. (The Governor presents the GBPO recommendations; those of the LBB are presented by the LBB, which is chaired by the Lieutenant Governor.) The GBPO recommendations have not been analyzed by the LBB staff.

These appropriations bills are referred to the House Appropriations Committee and to the Senate Finance Committee. Consideration of specific appropriations items by these committees generally is preceded by reviews and recommendations of the appropriations subcommittee of the House Higher Education Committee and the Senate Education Committee. (These latter two committees are sent the bills at the request of the Speaker of the House and the Lieutenant Governor, respectively.)

In addition to a minimal number of staff members for these committees, the members of these four committees are assisted during February and March by the LBB staff on all appropriations-related questions, including those on higher education. The LBB staff also must prepare, with the aid of the revenue estimates of the Comptroller's Office, State of Texas, a "fiscal note" on each legislative change introduced in committee addressing its fiscal impact on the State. The Coordinating Board staff assists in this process in two ways, both by answering legislators' questions on higher education and (if requested) by helping institutional officials make presentations before legislative committees.

The higher education appropriations are reported out of the House Appropriations Committee and the Senate Finance Committee as part of their respective total appropriations bills. After the Texas House and the Texas Senate each passes its own version of the biennial appropriations bill in April or May, the two bills are forwarded to a 10-member conference committee (5 Senators, 5 Representatives). The House generally is more conservative with respect to higher education appropriations than the Senate is. At the same time, the Coordinating Board reviews and certifies the higher education portions of the two bills. The report of the conference committee, when considered by the Senate and the House, must be adopted without amendments -- or the bill(s) will be sent back to the conference committee. Prior to the passage of an appropriations bill by the Legislature, the Comptroller must certify the appropriations items by determining whether projected revenues will cover the proposed appropriations. (The Comptroller of the State of Texas makes state revenue estimates, a responsibility in other states often vested in the governor. This authority increases the power of the Comptroller in Texas.) Inadequate revenues to cover an item mean that the bill must be modified.

The Governor signs the appropriations bill in June. In signing the bill, the Governor has line-item veto power and may strike line appropriations. The Legislature has no recourse in this circumstance.

(a) Formula-Appropriations Relationship. Traditionally, Texas legislators have rarely been interested in the details of the formula process and in the mechanics of the formulae. Rather, they have focused on the resulting allocation of resources among the higher education institutions in which they are interested. One result has been variances (considerable in some instances) between the proposed formula-based funding levels and the funding levels that have been approved in the final appropriations bill. Although the Legislature does use the present formulae to determine starting points in its deliberations, individual items seldom are funded at Coordinating Board-certified (formula-based) levels.

Table IV-2 illustrates this relationship for six Texas public universities in four recent biennia. In more cases than not, appropriated levels were less than certified levels. Appropriations generally exceeded 90 percent of the certified levels except for organized research (very poorly funded, at only about 50 percent of the formula-based certified levels) and custodial services (generally funded at about 80 percent of the certified levels). Also suggested by Table IV-2 is that The University of Texas at Austin (UT-Austin) receives no special funding favors; this generally has been true even for organized research, a category in which it might have been expected that UT-Austin would receive a greater percentage of its certified level than, say, East Texas State University or Sul Ross State University.

Non-formula items (e.g., campus security, utility costs) usually are funded at levels requested by the institutions and approved by the Coordinating Board.

TABLE IV-2

PERCENT OF CERTIFIED BUDGET REQUEST APPROPRIATED: SELECTED FORMULA ITEMS AND INSTITUTIONS, 1970-1971---1976-1977

	UT Austin	Texas A&M	North Texas	East Texas	SW Texas	Sul Ross
1970 - 1971						
General Administration and Student Services	100%	100%	100%	100%	100%	100%
Faculty Salaries	94	94	94	94	94	94
Departmental Operating Expense	100	100	100	100	100	100
Library	92	92	92	92	92	92
Organized Research	57	45	41	71	55	70
Building Maintenance	93	96	96	90	98	100
Custodial Services	81	81	81	81	81	81
1972 - 1973						
General Administration and Student Services	96	91	96	98	99	106
Faculty Salaries	94	94	94	94	94	94
Departmental Operating Expense	94	94	94	94	94	94
Library	85	94	94	94	93	93
Organized Research	74	55	52	77	63	83
Building Maintenance	90	97	95	99	93	100
Custodial Services	77	77	77	78	77	77
1974 - 1975						
General Administration and Student Services	105	102	111	101	107	116
Faculty Salaries	90	90	89	91	90	90
Departmental Operating Expense	87	87	87	87	87	87
Library	76	83	83	83	83	83
Organized Research	53	49	49	49	47	49
Building Maintenance	94	99	99	96	96	93
Custodial Services	79	79	79	79	79	79
1976 - 1977						
General Administration and Student Services	95	92	97	99	102	110
Faculty Salaries	105	105	108	105	105	105
Departmental Operating Expense	96	96	98	96	97	96
Library	109	109	111	109	108	109
Organized Research	51	52	57	52	52	52
Building Maintenance	100	100	100	100	100	100
Custodial Services	83	83	83	83	83	83

Recent comments by several state legislators suggest a growing interest on their part in the use and mechanics of the higher education funding formulae. These legislators believe that the supposed complexity of the formulae (as told them by institutional administrators) is more myth than fact, and that a better understanding of this basis for many of the institutions' budget requests is critical if the Legislature is to make reasoned decisions. This will be particularly important in the 1979 session, when the Legislature will be faced with particularly strong competition between higher education and other expenditure categories (especially the highway fund) for available resources.

(b) State Control of Non-Appropriated Funds. The state government in Texas does not control all funding sources which support public higher education in the state. These include institutional revenue which, at least to some extent, may be used in determining appropriations levels (e.g., the "other education and general funds" revenue from tuition, required fees, and other sources); construction funds (e.g., PUF/AUF); auxiliary enterprises; and federal funds, both restricted and unrestricted.

Several approaches are being discussed in the Governor's Office and the Legislature to institute greater "control" over these non-appropriated institutional funds. The higher education budget officer in the GBPO, for example, has suggested that the next legislative session (1979) may attempt to pass a bill to control appropriated general revenue funds and other state funds. Currently, state funds appropriated or allocated to an institution are handled by the State Treasurer's office. If some of the funds appropriated to an institution for a given time period are unexpended, however, the institution may leave these funds in the State Treasury and use them later. The Legislature is starting to view these unexpended fund balances as "uncontrolled" discretionary funds, and likely will consider the possibility of forcing institutions to return unused funds to the State of Texas. Interestingly, the GBPO higher education staff person opposes this move, believing it will limit the financial flexibility needed by institutions to fulfill their often broad and general responsibilities.

Changes in the distribution of so-called construction funds are a possibility in 1979. Although in 1977 lawmakers failed to pass a proposal to split the PUF among many public colleges and universities in the state, not just between The University of Texas at Austin and Texas A&M University, another attempt is likely now. As expected, the two current institutional recipients of AUF revenues from the $1 billion-plus PUF endowment of cash, securities, and oil-rich West Texas land are lobbying hard to "preserve the integrity" of the PUF. Another possible change in the PUF/AUF statute might be to extend authorization for expenditures to include repair and renovation, in order to pressure institutions to stop new construction and start repairing existing facilities.

Nor are the other "construction funds" free from legislative interest. For example, in a July 1978 special legislative session on tax relief (called by the Governor as a result of California's Proposition 13 referendum outcome), a proposal to abolish the 10-cent ad valorem tax currently devoted to 17 public universities and colleges in Texas was considered by the Legislature. The measure was not approved, however. Similar measures likely will be introduced in the 1979 legislative session, but as long as each of several institutional groupings have their own dedicated funds (e.g., AUF and ad valorem tax) and as long as the two AUF recipient institutions lobby hard for the retention of all such funds, substantial changes in legislative control over these funds are unlikely.

A different approach is being used by the State of Texas with respect to federal funds going to institutions of higher education. Unlike the situation in some other states, the Coordinating Board, the LBB, and the GBPO all agree that the State of Texas should not control the flows of these federal funds. Rather, all three agree that of primary importance is the need to know what levels and types of federal funds are flowing to which institutions, in order that state funds might be better allocated. Thus, the state's higher education actors want to monitor federal funds so as to control more effectively the distribution of state funds. Some diagrams have been prepared to illustrate overall flows (e.g., see

Figure IV-1 for a general overview of federal vocational-technical education funds, including those for community colleges and other postsecondary education institutions in Texas), but generally information remains incomplete.

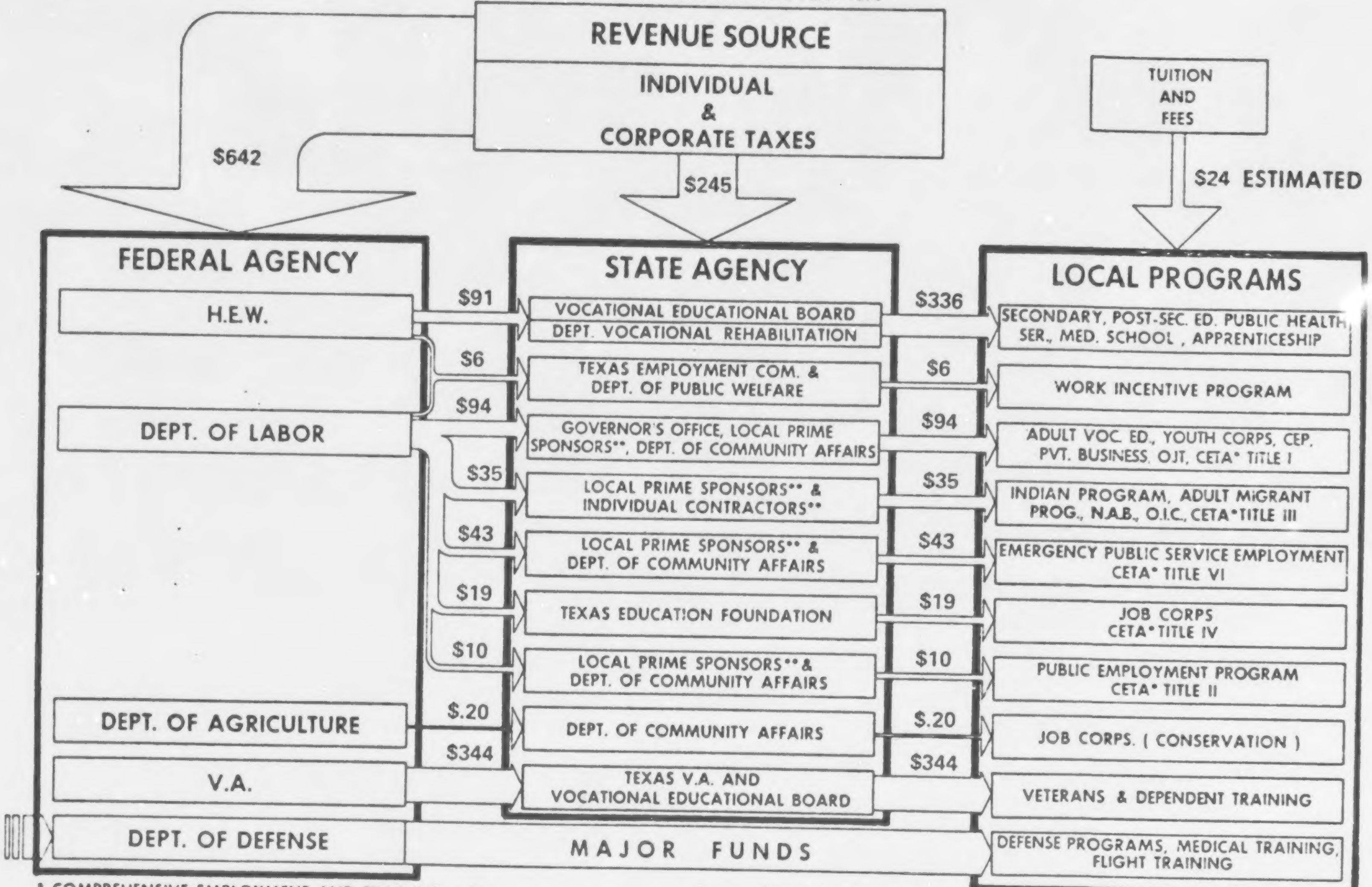
The LBB's present funds monitoring system in which external funds are listed separately from state funds in a post-audit provides some information about the flows to higher education in Texas of federal and other external funds, but far greater efforts are needed. One possible exception is the area of organized research. Here the Legislature has instituted an annual reporting system which shows how much state and other monies were expended on what types of research.

Observations on Sloan Commission Concerns.

This chapter has sought to provide a look at who makes higher education financing decisions in Texas and how these decisions are made, as a means of understanding more fully the governance role of state government in Texas higher education. Comparisons between the "who and how" of these decisions in a growth period as compared to a steady-state period have been largely impossible in this Texas scene, given the fact that Texas higher education trends (e.g., enrollments, state appropriations) have been several years behind corresponding national trends and have not yet been characterized by the levels of downturn experienced nationally.

FLOW AND MANAGEMENT OF PUBLICLY ADMINISTERED FUNDS IN TECHNICAL - VOCATIONAL EDUCATION IN TEXAS

(DOLLARS IN MILLIONS)-FISCAL YEAR 1976


REVENUE SOURCE
INDIVIDUAL & CORPORATE TAXES
TUITION AND FEES
$642
$245
$24 ESTIMATED
FEDERAL AGENCY
H.E.W.
DEPT. OF LABOR
DEPT. OF AGRICULTURE
V.A.
DEPT. OF DEFENSE
STATE AGENCY
VOCATIONAL EDUCATIONAL BOARD
DEPT. VOCATIONAL REHABILITATION
TEXAS EMPLOYMENT COM. & DEPT. OF PUBLIC WELFARE
GOVERNOR'S OFFICE, LOCAL PRIME SPONSORS**, DEPT. OF COMMUNITY AFFAIRS
LOCAL PRIME SPONSORS** & INDIVIDUAL CONTRACTORS**
LOCAL PRIME SPONSORS** & DEPT. OF COMMUNITY AFFAIRS
TEXAS EDUCATION FOUNDATION
LOCAL PRIME SPONSORS**& DEPT. OF COMMUNITY AFFAIRS
DEPT. OF COMMUNITY AFFAIRS
TEXAS V.A. AND VOCATIONAL EDUCATIONAL BOARD
LOCAL PROGRAMS
SECONDARY, POST-SEC. ED. PUBLIC HEALTH SER., MED. SCHOOL , APPRENTICESHIP
WORK INCENTIVE PROGRAM
ADULT VOC. ED., YOUTH CORPS, CEP, PVT. BUSINESS. OJT, CETA* TITLE I
INDIAN PROGRAM, ADULT MIGRANT PROG., N.A.B., O.I.C., CETA*TITLE III
EMERGENCY PUBLIC SERVICE EMPLOYMENT CETA* TITLE VI
JOB CORPS CETA*TITLE IV
PUBLIC EMPLOYMENT PROGRAM CETA* TITLE II
JOB CORPS. (CONSERVATION)
VETERANS & DEPENDENT TRAINING
DEFENSE PROGRAMS, MEDICAL TRAINING, FLIGHT TRAINING
MAJOR FUNDS
$91
$6
$94
$35
$43
$19
$10
$.20
$344
$336
$6
$94
$35
$43
$19
$10
$.20
$344

* COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

** NO STATE AGENCY INVOLVED, FUNDS FLOW DIRECTLY TO LOCAL PRIME SPONSORS AND INDIVIDUAL CONTRACTORS

Prepared by Joint Committee
- State Board for Vocational Education
- Coordinating Board, Texas College and University System
- Advisory Council for Technical-Vocational Education in Texas

The information shown is simplified to indicate the general patterns of source and management.

SOURCE: The Advisory Council for Technical-Vocational Education in Texas. Vocational Education: Who's Listening? 8th Annual Report to The State Board of Education, October 1977, p. 40.

This section, in summary, reiterates several issues raised or suggested in this chapter, as well as addresses systematically the specific governance questions raised by the Sloan Commission on Government and Higher Education in its May 1978 correspondence with its state associates.

Trends. The growth trends of the various parts of the overall Texas higher education system have been noted in Chapters I, III, and IV and in Appendix A. To summarize:

- the number of public institutions has increased by about 50 percent over the past decade, with the number of private institutions showing little change;
- the location of new public institutions generally has been in growing metropolitan areas, and frequently as new campuses of existing systems and/or commuter-oriented;
- (headcount) enrollment in all institutions combined has doubled over the last decade, with a continued increase (although at a slower rate) forecast at least through the mid-1980s;
- as a reflection of Texas citizens' increased interest in higher education, in attending college at an older age, and in combining jobs with schooling, the enrollment increases in part-time and first-time students have been even greater than the state's overall enrollment increases;
- the percentage of women is close to 50 percent in both public and private institutions but considerably less at the advanced graduate level;
- Black and Chicano enrollments in public junior institutions reflect their respective shares of the population, but are lower in other parts of the higher education system;
- about 90 percent of the state's higher education enrollments are in public institutions (up from about 80 percent in the latter 1960s), with the junior college share of the public institutions' enrollments having increased by about one-third (to 43 percent) during this period;

- in public senior institutions, the percentage of graduate-level students has increased, primarily at the expense of lower division enrollments;
- the percentage of Texas higher education students whose residence is a state (or country) other than Texas has stayed relatively constant, with private institutions having a considerably greater proportion of these students;
- state appropriations for higher education operating expenses in Texas in 1977-1978 were third highest in the nation ($1,050,400,000) and an increase of 27 percent over 1975-1976;
- the share of the state's "expenditure pie" appropriated by the Texas State Legislature for all higher education programs and institutions increased from 13 percent to 19 percent from 1966-1967 to 1976-1977, and has not declined since that time; and
- community and junior college appropriations levels have increased at a more rapid rate in the 1970s than senior institution levels.

State Agency Roles in Expansion Years. During the decades of expansion, the orientation of all major state-level actors -- the Texas State Legislature (and the LBB), the Governor's Office (and the GBPO), and the Coordinating Board (together with the Texas Education Agency and other state groups) -- was toward the expansion and creation of programs and facilities at Texas higher education institutions.

Until the mid-1970s, "planning" to these offices was not directly linked to scarce resources, which increasingly is recognized as one of the most critical factors in planning. Projected enrollment increases were considered legitimate and sufficient reasons for adding programs and institutions, and the executive and legislative branches welcomed these opportunities to educate the state's populace.

One favorable aspect of this growth period was the decision by the Legislature to place newly created institutions under existing governing boards. True, this action gave some systems a great deal of power to lobby for their own interests. But it also forced those same systems to coordinate (to some extent) their own program priorities before presenting their budgets to the State Legislature. This internal institutional review process is even greater at present, due to increased Coordinating Board pressure. The current Coordinating Board emphasis on substituting new programs for old, "outdated" programs (rather than simply adding new programs) also will force internal review, at least at the departmental and college levels.

Probably the best argument that can be made in retrospect for the creation of the Coordinating Board in 1965 is not that it controlled or coordinated growth in the rapid expansion period but that it emerged by the latter 1970s as the state agency most capable of influencing control over higher education in its slow-growth period. By its early entrance into state higher education governance -- and, to some extent, by default -- the Board very early in its existence began to think about "slow-growth" and, then, in the mid-1970s began to act on its projections.

More detailed descriptions of the roles and responsibilities of the major higher education decisionmaking offices, both in the rapid expansion years and now, are included earlier in Chapter IV and also in Chapter II.

Institutional Governing Boards. Institutional governing boards for Texas public institutions are described in the last part of Chapter II. The comments which follow reiterate and complement the earlier comments, as well as tie together other related observations in this study.

Each system, and each institution not a part of a system, has a governing board. The senior institution boards each have nine members appointed by the Governor with the approval of the Texas Senate. The governing boards derive their powers from the respective statutes under which they were created. The majority of governing board members have business backgrounds -- banking, oil and gas, insurance, law firms. Most appointees reflect the political philosophy of the Governor appointing them. Most also serve on a variety of other business, state government, or community boards.

Governance power in Texas higher education is divided between institutions and the state higher education agency much as it is between state governments and the federal government. If the state agency is not delegated certain decisionmaking powers, they reside with the institutions. This has meant that traditionally much of the power has been with the institutions -- they set their own role and scope, and lobby in the State Legislature for program, research, and construction funds. Increasingly, from 1965 on, the Coordinating Board slowly has received more explicit authority to establish criteria for making budget, program, and construction decisions. As the Board has increased its ability to collect and analyze data, to manage the formula-based financing system, and to specify the role and scope of an institution, the higher education institutions in Texas have retained less and less autonomy.

Nevertheless, it must be remembered that the Board still does not control higher education in Texas. Institutional autonomy and discretion still exist, and the recent increases in Coordinating Board influence and power reflect a movement toward a more balanced relationship between institutions, the Coordinating Board (as buffer), and the Governor's Office and State Legislature in Texas. Two examples of how institutions continue to exert considerable influence in higher education in Texas are:

* The Coordinating Board has two formula advisory committees and several study committees composed primarily of institutional representatives which review and revise formulae for funding.

* During the two-year budget development/appropriations process, institutions may lobby during the formula designation process, in the Coordinating Board review, with GBPO and LBB staff, in legislative hearings, with individual legislators, and the Governor. While institutions are slowly accepting the coordination role of the Coordinating Board, they retain the prerogative of putting pressure directly on other parts of Texas' higher education system.

Roles and Decisionmaking Responsibilities. The State of Texas traditionally has perceived public education as a major responsibility of the state, both at the "lower" and "higher" levels. Higher education, as pointed out in Chapter III, remains relatively inexpensive for the student, with the state assuming a large share of the higher education bill. The emphasis truly has been on access and continues to be on access.

Recently, political and economic priorities of the state have shifted somewhat as energy and other policies at the federal and state level have received greater attention. Although Texas is not contracting its higher education spending levels and is not expected to do so in the future, increases basically have covered only inflationary cost increases. The 1978-1979 appropriations bill was the first such bill viewed as "tight" and "not excessive" by state decisionmakers. The bill to be considered in the 1979 legislative session (for the 1980-1981 biennium) will reflect even more the tradeoffs facing state legislators as competing interests and institutions vie against each other for scarce funds. But, to reiterate, no overall decrease in funding for higher education is expected. For example, LBB higher education staff members believe that should John Hill be elected Governor in November 1978, the major priority competing with higher education for state funds would be elementary/secondary education, but with higher education experiencing no decreases in funding.

With respect to the role of the state's primary higher education agency, increasingly it is viewed (by state government and institutions alike) as a "buffer" agency, In this recent and current period of slower growth in Texas higher education, the Governor and the State Legislature willingly have allowed -- in fact, have encouraged -- the Board to establish funding formulae for 80 to 85 percent of state appropriated funds and approval criteria for programs and construction. This delegation of authority is complete in that the Legislature and the Governor (and their budget staffs, but to a lesser extent) practically refuse to discuss program decisions or formulae designations. Once formulae are approved by the Coordinating Board, with the help of institutional representatives, then the institutions rely on the Coordinating Board to support their respective requests through the budget hearing process. The Legislature and the Governor's Office then spend their time on the political decisions of what levels of the formula-based amounts should be funded and how to handle the non-formula and special items.

The State Legislature, as a rule, seems intent on separating general higher education policy decisions from specific program decisions, leaving the latter to the institutions, their governing boards, and the state higher education agencies. Yet, as would be expected, there remain areas in which the Legislature shows its pleasure or displeasure with institutions. For example:

* Faculty compensation and teaching workloads, separately and together, always generate controversy. Recently the Legislature endorsed higher average faculty-student class contact hours.

- Organized research, maligned and little understood by state government officials, recently has been funded at less than 50 percent of the formula requests. Legislators do not like to fund research; the main job of professors is "to teach." This legislative attitude is recognized by institutional officials, and greater (and overdue) attention is being given now to justifying research requests.
- Legislative pressure may make the PUF/AUF and other institutional discretionary funds less exclusive and restricted. At least in the case of the PUF/AUF fund, however, given the powerful lobbying efforts of The University of Texas and Texas A&M University, supported in the Legislature by the large numbers of legislators who have graduated from these two institutions, changes are unlikely.

With respect to the Governor's Office, the current (lame-duck) Governor has two principal state priorities in higher education, both employment-related: a greater amount of emphasis and money at the local level on the development of vocational-technical schools, and the matching of educational training with potential employment opportunities.

The first priority is supported by many of the rural Texas legislators, as well as increasing numbers of urban legislators. Vocational-technical education is viewed as "relevant" and "job-related,"and justifiable in terms of unemployment concerns. The Coordinating Board has supported this priority through its recent creation of a Division of Community Colleges and Continuing Education (see Chapter II). But the Commission is concerned about spreading higher education dollars too thinly, feeling that such a distribution pattern will diminish the quality of programs.

The second priority is viewed with mixed feelings, even within the Governor's Office. Although the current Governor pushed for the state's 1202 Commission to emphasize the development of data on professional and occupational trends in career access (see Chapter II), the Governor's Office staff feels strongly that higher education institutions should not be viewed primarily as "job producers." This concern about an over-emphasis on anti-general education, anti-liberal arts education, or anti-academic education is echoed by the staff of the Coordinating Board.

Private Sector and 1202 Commission. The private higher education institutions in Texas have not played a major role in master higher education planning in the state. By statute, the Coordinating Board is required to consider and to coordinate the activities and concerns of the private institutions as well as the public institutions. In this process, private institutions are viewed as playing a minor role and as being only marginally competitive with public institutions due to the latter's low tuition and required fees level. To remain competitive, private institutions must engage in longer-range planning, non-duplicative program planning, limited facilities expansion, and other elements associated with master planning. Although the state's Tuition Equalization Grants program has lessened the public-private tuition differential and enabled greater numbers of students to attend private institutions, competition for students as yet has not significantly affected public institutions -- and hence higher education planning in Texas remains dominated by public institution concerns.

In Texas, the Coordinating Board is the state's 1202 Commission. A detailed view of its evolution and activities is given in Chapter II.

In no sense can the 1202 Commission (i.e., the Coordinating Board acting under federal guidelines as the 1202 Commission) be regarded as a master planning agency. Its activities and goals are only one minor area of concern in the total range of Coordinating Board responsibilities. The 1202 Commission (and its small staff) has limited its activities to the preparation and distribution of documents on trends in job opportunities. While this is a potentially useful and relevant part of planning, these documents have had little or no influence on the state's higher education institutions, the Coordinating Board staff, other state agencies, the Legislature, the Governor's Office, or other parts of the governance system.

Budget Development and Processes. The total funding process has been described earlier in this chapter, including the roles played by various participants in the process. Intra-institutional decision processes have been largely omitted, differing little (if any) from these processes in institutions in other states.

Program Review. The program development and review process is described in the first part of this chapter.

Program review procedures and mechanisms are discussed by the Coordinating Board as if they always have existed. But further questioning suggests that this simply is not the case. One question in particular now must be answered in the course of deciding whether an institution's request for a new program should or should not be approved. This question -- what are the institution's criteria with respect to the initiation of new programs? -- plays a significant role in the program proposal review process. Previously, institutions only were asked why expansion should not occur. Now the reverse is true, with the institution needing to base its requests upon criteria consistent with its "role and scope" and the Coordinating Board in turn reviewing institutional requests for consistency with institutional criteria (reviewed earlier by the Board staff) and its own general guidelines.

Two studies now in progress will aid in program review. One is the current "role and scope" study noted earlier in the study. The present "role and scope" of an institution will be regarded as the "outer limits" of future expansion for that institution. The second is a multi-year critical review of all higher education program areas, initially considering doctoral-level programs, to "rid" the institutions of "unneeded," duplicate, or outdated programs.

At every level, the separation of program review and budget review are blurred. In the Coordinating Board staff, even though program and budget responsibilities are separated into different administrative divisions (see Chapter II), both divisions discuss program review and budget review issues in tandem and interchangeably. For example, it is obvious that program restrictions currently being applied are inextricably linked to (and largely caused by) fiscal issues.

A similar situation exists in the state's legislative branch. Although there is an administrative split between the program and budget divisions of the LBB staff, clearly the budget staff directly or indirectly reviews and evaluates the necessity of both new and existing programs.

With respect to interoffice relationships, less blurring -- at least in theory -- exists. This is the case, for instance, between the Coordinating Board (program review) and the LBB and the GBPO (budget review). The Legislature has wanted to involve itself with budget levels, not program issues, viewing the Coordinating Board as the "buffer" agency responsible for representing the interests of state government in the latter areas.

Currently, both the Coordinating Board and the two budget offices (LBB and GBPO) are expanding their active involvement in program and budget review, hence further blurring the differences. This undoubtedly will lead to "clarification through restrictions," including greater use of formulae. The Coordinating Board likely will be given greater responsibility for setting criteria by which program and budget cuts can be made. The State Legislature willingly and gladly will allow the Coordinating Board to make these difficult decisions. Any special institutional requests will be line items, but even these will be restricted.

Institutions exert influence in these processes both through clearly delineated procedures (e.g., membership on study committees) and through informal interactions with decisionmakers (e.g., legislative lobbying). The institutions also will be active participants in the Board's "role and scope" study and the academic program review study, the latter of which will involve examinations of both graduate and undergraduate programs, existing as well as proposed.

V. MAJOR ISSUES IN TEXAS HIGHER EDUCATION

The political culture in Texas in the past has been characterized by traditionalistic and individualistic tendencies, with less government being better government. But urbanization, demographic, and fiscal trends increasingly are providing prime opportunities for state government to promote and maintain a "shared public interest." Texans have begun, albeit on a limited scale, to accept the importance and necessity of active state government involvement in the review, support, and administration of state policies and programs. They have begun to demand from state government the efficient, effective, and wise use of state resources. State government leaders in turn are seeking these results from programs and institutions receiving state funds.

This pressure for increased accountability is especially acute in higher education, given the system's magnitude in Texas (see Chapter I) and the rapidly increasing funding levels appropriated by the Texas State Legislature for institutional and student support. Not only does the state appropriate monies for higher education, but also it underwrites its costs through low-tuition policies. In short, the state is directly and substantially involved in higher education governance issues, particularly through the appropriations process.

This involvement sets up potential conflicts, then, when resources become more limited. Efforts of state government to control higher education costs often are viewed as -- and may be -- attempts to control the institutions themselves. State government action may be viewed as an infringement of academic freedom and institutional autonomy. In this atmosphere, the state higher education agency increasingly will serve as a buffer between the legislative and executive branches and the institutions.

What, then, is the environment in Texas? On the fiscal side, the Texas Legislature has proposed to voters a package of constitutional amendments that would reduce annual state tax revenues by an estimated $250 million. Although none of the cuts, even if approved by the voters, directly impact higher education, the reduced state revenues could (as suggested by the Commissioner of Higher Education) have an impact on state support of higher education because the colleges and universities often get their funds "near the end of the appropriations process and divide up what's left."

Politically, a new governor will assume office in January 1979. Whether the winner of the November election is the Republican candidate (who emphasizes his management ability and experience) or the favored Democratic candidate (a more liberal populist), the State of Texas will experience a significant change in the Governor's Office, from a passive, laissez faire approach to an activist, management-oriented approach. He is expected to recognize the importance of higher education and is not expected to seek greater active control over higher education, but not to see higher education as an area of priority. In the Legislature, the current Lieutenant Governor (a moderate) and the Speaker of the House (conservative) retain their positions. The primary change will be in the chairmanship of the Senate Finance Committee, whose retiring chairman (a senior statesman on education finance in Texas) will be replaced by one of two (rural) senators who have been active in education issues. Taken as a whole, greater activity and interest in higher education is expected from the state's political leaders in the coming months, but with no significant change in policies or philosophy. As important, however, is that most of these top officials are viewed as thoughtful decisionmakers able to view objectively the issues facing higher education and willing to listen to the well-formulated presentations of institutional representatives.

As the Joint (Interim Legislative) Committee on the Funding of Public Institutions of Higher Education recently pointed out, a basic problem facing these newly-elected and re-elected state officials, then, is the need to ensure that the appropriative process leads to quality higher education "by providing maximum benefit from state appropriations, while at the same time providing for maximum accountability to the taxpayer." The Committee stated its concern even more bluntly when it suggested that the state needed to "tighten our belts and focus our attention on the quality of higher education and turn away from its ornamental aspects."

Although state higher education decisionmakers differ in their perceptions of problems, three issue areas appear to be viewed as having greater importance. These are:

- in the student aid area, the pressure placed by the federal government on Texas state government to establish a state Guaranteed Student Loan (GSL) program and thus open up the state-funded student assistance programs to proprietary school students and Texas residents attending out-of-state institutions;
- in the formula-based appropriations process, three concerns: the impact of stabilizing enrollments on enrollment-driven formulae, the relationship between formula levels and appropriations levels in the legislative process, and the need to give increased attention to particular formula items (e.g., organized research); and
- in the academic process area, the increased interest at the state level and in institutions in questions of faculty tenure, faculty workload, and faculty compensation.

The next three sections considers each of these areas in turn, with the chapter's (and study's) concluding section reviewing state issues in the light of the major national policy issues identified by the Sloan Commission on Government and Higher Education.

Issue #1. Student Aid: Texas GSL Program

In the past Texas (through its institutions and state agencies) has participated actively in federal student aid programs. Although Texas student aid programs were not established as early as those in some other states and still are funded at lower levels, nevertheless the Texas programs provide an invaluable source of funds for Texas students. Indeed, as noted in Chapter III, Texas programs basically are used to complement federal resources. In short, Texas has used federal resources to its advantage and has evolved its own programs accordingly.

Now, however, several key state decisionmakers are concerned about the federal government's efforts to insert itself too deeply into the shaping of the state's student aid programs and the specification of eligibility criteria. Texas officials traditionally have emphasized access to higher education, not the broader postsecondary education system, and have felt strongly that aid so awarded to students should be used within the State of Texas.

The current debate results from the 1976 revision of the federal GSL program which sought to encourage each state to establish its own program of insured student loans. Federal incentives for states were provided, with the amount of federal reinsurance and other financial benefits varying in accordance with the level of state program offerings. If a state elected not to establish its own GSL program, the U.S. Commissioner of Education was authorized to establish one. Also, the federal government could reduce the 100 percent direct federal (GSL) insurance presently enjoyed on

Hinson-Hazlewood loans if Texas did not set up a state GSL program.

Currently, under the Hinson-Hazlewood program, the State of Texas is the lender but the federal government is the (first) insurer. The 1976 amendments sought to induce Texas and other states not insuring loans to initiate such a program. However, in order for Texas (and other states) to obtain 100 percent reinsurance and the full administrative cost allowance, the state would have to (i) guarantee loans for Texas residents attending accredited out-of-state schools; (ii) guarantee loans for students attending any accredited Texas institution, including proprietary schools; and (iii) guarantee loans for out-of-state residents attending accredited Texas institutions.

In the 1977 legislative session a bill was introduced to create a Texas GSL program which would be similar to the federal program. The bill (H.B. 1148) passed the House and was sponsored in the Senate by the chairman of the Human Resources Committee. Under pressure from the Coordinating Board, the Lieutenant Governor, the Governor, and the Speaker of the House, however, the chairman of the Senate Education Committee would not let the bill out of his committee. The compromise position was to study the matter further. A similar bill will be introduced this coming legislative session (1979), possibly incorporating some of the findings of a Coordinating Board-initiated study being carried out by a reputable national consulting firm and of the Interim Committee to Study the Options of State Involvement in and Administration of Student Loan Programs, Texas State Legislature.

Opposition to the establishment of a Texas GSL program has been very strong. Both state officials and higher education institution administrators, for somewhat different reasons, are not anxious to grant eligibility to proprietary school students. These students traditionally have had higher default rates than collegiate students. Officials feel that opening up one program to them would lead soon to their gaining eligibility for all state student aid programs. Moreover, their inclusion also would increase state agency program administration problems. Both the Coordinating Board and the Texas Education Agency would need to be involved under current arrangements, yet a single agency would have to be identified to administer the entire Texas GSL program should it be created. Portability also is a sensitive issue, given that the traditional state approach has been to provide access to Texas institutions for Texas residents.

Of prime concern to Texas officials in this case, then, is the attempt by the federal government to force the state to set up a new loan program and to tell the state which students would be eligible recipients. While many state officials support an increased emphasis on employment in postsecondary education programs, they generally push for this within the state's colleges and universities, not wanting to compromise their support for a "low tuition" access policy. How this matter will be resolved in this next legislative session is unclear. What is clear, however, is that it is the major student financial aid issue now being debated in Texas state government.

In addition to the nationwide concern of institutions for increased state student aid program funding in this period of stabilizing enrollments in order to attract students and to maintain institutional revenue levels, two issues related to the GSL program question also are receiving attention in Texas. One is the question of proprietary school student eligibility. As noted in Chapter III, the Texas Assistance Grants program, authorized in 1975 and for which proprietary school students would be eligible, has never been funded by the State Legislature. The question of funding this program will arise again in this upcoming legislative session, further adding to the debate about which groups of students the state's student aid programs should serve.

The second issue reflects very recent developments, in particular the extent to which the federal government (i.e., the U.S. Office of Education (OE)) is inserting itself into the administration in institutions of the campus-based federal student aid programs. As with the state government in the case of the GSL program, institutions around the U.S. are very restive and displeased with OE regulations -- in this instance, the OE regulations published August 10, 14, and 24 in the Federal Register.* Particularly troublesome to institutional administrators are the expanded record-keeping provisions on student aid recipients which OE states is necessary to determine whether an institution satisfies the statutory definition of an institution of higher education, a proprietary institution, or a vocational school. (Here again one can see why Texas state officials continue to avoid the inclusion of proprietary schools in state aid programs in order to limit the interference of federal officials.) All institutions also would have to maintain records showing that their student aid recipients are making "satisfactory academic progress" and publish a record of graduate employment rates. A proposed student aid refund policy also would require institutions to refund to the federal government the "unused" tuition payments provided by federal student aid programs for students who fail or drop out of school. Although several of the provisions of the OE regulations are welcomed by institutional administrators in Texas (e.g., the flexibility for institutions to use College Work-Study funds to locate and develop new job opportunities for students both on and off their campuses), in general there are strong reservations expressed about the additional federal constraints on institutional autonomy. As a final comment, it is especially informative to compare this federal involvement with the past and present efforts of the Texas Coordinating Board, the Texas Legislature, and other key state officials to permit institutional flexibility to the maximum extent feasible.

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*See Ann C. Roark, "Colleges Condemn Proposed Rules on Student Aid," The Chronicle of Higher Education, September 25, 1978, pp. 3-4.

Issue #2. Formula-Based Appropriations Process*

Formula-based state appropriations have been a critical and significant part of the higher education financing system in Texas for several decades. (See Chapter IV for a detailed discussion.) The purpose of the formulae has been to depoliticize the appropriations decisions by providing a "common denominator" basis to ensure equity, so that an institution would not be funded solely on the basis of its legislative clout.

In legislative hearings (e.g., those of the LBB) or other forums, no institution has criticized the formula concept as a whole. Nevertheless, most institutions have had problems with at least one formula area, and it has become obvious that several concerns need to be -- and will be -- addressed by the Legislature in the near future.

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*Especially helpful in the preparation of this section has been the summer 1978 "Draft Recommendations" of the Texas State Legislature's Joint (Interim) Committee on the Funding of Public Institutions of Higher Education.

With respect to the formulae, it is likely that major changes will await the completion of a Coordinating Board study. Changes, however, could include the adaptation of formulae to work in a period of stable or declining enrollment. The potential problems of lowering admissions standards to attract a lucrative enrollment base for formula funding also will require attention.

A further general problem of the current formula funding process is the method by which formulae are linked to appropriations (see Chapter IV). Several legislative and institutional administrators have expressed concern that the "determination of needs for higher education" is never involved in the appropriations committees. The figures considered there usually are the appropriations level for the last biennium and the LBB's and GBPO's "add-on" recommendations, which are dictated by their respective perceptions of overall state funding needs. There is increasing interest in the Legislature in actually reviewing the formula-based funding levels. This could help eliminate the "mystique" which now unnecessarily surrounds the formula process. During the session itself, updated Coordinating Board data and formula figures could be provided to enable legislators to base their deliberations on better data than now available. Such increased use of formulae in the appropriations process would thrust the Coordinating Board even more into the role of "buffer" agency.

One particular formula category which continues to generate heated debate is organized research. In response to cutbacks in organized research funding for the current biennium (the FY 1978 appropriation was the same as that in FY 1977, with FY 1979 being one-half that of FY 1978), institutional representatives have worked much harder this past year in trying to educate legislators about the benefits of organized research and how funds have been spent. One possible on-going basis for a return to "normal funding" of organized research in accordance with determinations of project benefits may be the "Annual Organized Research Reports" now (as of 1977) required from each institution on each of its preceding year's projects funded by appropriated "Organized Research" funds. Such an approach may make the legislators more comfortable in supporting organized research, but it must be remembered that "normal funding" still means no more than 50 percent of the formula-based budget requests.

The Texas Legislature also funds line items of research. These generally have been pet projects, "needs of the state," or continuations of specific research reputations of certain institutions. The "reputation" factor has been of special importance when across-the-board reductions in funding occur; those that are "good" get more. The University of Texas System, for example, is giving high priority this coming session to maintaining and expanding not only its organized research item but also its special items.

One other formula issue is coming to the fore in the Legislature. Currently the Coordinating Board recommends median cost contact hour funding for all general academic programs of public community/junior colleges. Simultaneously, the State Board of Education recommends similar funding for vocational-technical programs. In view of the fact that over 70 percent of all funding for public community/junior colleges comes from the state and the impact on state resources of burgeoning junior college enrollment, many state-level officials have expressed the need for more accountability from the junior colleges for their state funds. Hence it has been suggested that the Legislature (in 1979) create an Interim Study Committee on Junior College Funding to examine the state's increasing funding role for junior colleges, and that the Coordinating Board expand its current formula study to include formulae for junior college funding, including possible establishment of distinct elements of cost for junior college funding.

Issue # 3. Faculty Issues

Few, if any, issues of higher education governance and financing have stirred more debate both within institutions and between state government and institutions in Texas than several concerns about and of faculty.

Political mileage has been gained in Texas by criticizing the "overpaid, underworked, job-secure, ivory-towered" faculty in the state's institutions. Primary topics of these debates have been faculty compensation, faculty workload, and tenure.

With regard to faculty compensation, an interim legislative committee has tentatively concluded that Texas faculty salaries are below the national average and increasing at a rate less than that of inflation. Needed most, according to these tentative recommendations, are a merit raise policy and a data bank with indisputable salary data. Receiving even greater emphasis in institutional presentations before the budget offices, however, has been fringe benefits. While leading Texas institutions often have no difficulty in competing in terms of salary with out-of-state institutions in recruiting faculty (in part due to Texas' lower cost of living), these Texas institutions often lose these faculty candidates because of inadequate fringe benefits. Hence the LBB currently is looking at three benefit areas: medical insurance, state government payment of Social Security, and travel expenditures. But the LBB and the Legislature share the view that salaries are the first priority (even though they have not appeared to faculty to be a priority), with everything else funded according to what money is left over.

Higher faculty compensation is a top priority this year of the Texas Association of College Teachers, an association of academic professionals from public colleges throughout Texas and the closest thing to---but still far removed from---a faculty union in the state. For Texas as a whole, faculty real income has declined 11 percent since 1969, with greater declines at The University of Texas at Austin. The association also is urging the Legislature to increase state contributions to the faculty members' retirement "from the present 7.5 percent to at least 9 percent of the salary" and to triple its monthly allocation for all insurance from $15 to $45.

Closely related to faculty compensation, at least in the view of several state legislators and others, is faculty workload. These critics believe that faculty salaries are high enough, given the few hours that faculty teach each week. An LBB staff person has suggested that all an institution would have to do to quiet the debate would be to show that most professors do teach an adequate load. Unless that occurs, however, the Legislature likely will pursue a policy of deducting salary monies from those institutions having small classes exceeding 10 percent of the total number of classes. This legislative position is viewed by the LBB staff as illustrative of the Legislature's anti-graduate program posture. (Further evidence of this stance is the Legislature's expressed intent to work with the Coordinating Board in eliminating unnecessary doctoral programs.)

Faculty tenure, long an issue of concern to a few, has become a topic of greater importance with the announcement in late August 1978 that the Speaker of the Texas House of Representatives is working on a proposal to abolish tenure for all new faculty members at the state's public colleges and universities. The tenure system would be replaced with ten-year renewable contracts for faculty members, which would be reviewed by committees of administrators and selected faculty members within the university's departments. Although no formal discussions have yet taken place on this proposal--this won't occur until the 1979 session--the LBB staff is of the opinion that institutional administrators might be willing to support such contracts in order to have more flexibility in reducing or eliminating program areas. As expected, faculty associations are opposed.

Shortly thereafter (September 1978) the Coordinating Board issued a revision of its 1967 policy statement on tenure that differs little from the original statement. To be considered formally by the Board at its October 20, 1978 meeting, the policy paper has as its most substantial change the removal of the recommendation that schools institute specific systems of tenure.

Concluding Observations on Sloan Commission Concerns

In a late summer 1978 statement the Sloan Commission on Government and Higher Education suggested nine major policy issues as being of primary importance at the national level. This section addresses each of these issue areas from the perspective of the Texas higher education system.

Accountability vs. Autonomy. The difficulty in responding fully to this issue is the ambiguity surrounding each of the two terms.

It is clear that in Texas the State Legislature, the Governor, and the Coordinating Board all expect institutions to be accountable to the state for nearly every campus activity. This expectation has several bases:

*The institutions are given statutory power to carry out the state's responsibility of providing education. The State of Texas is in a position to interpret the extent and content of that authority---and often does.

*The state government appropriates funds for which institutions are fiscally accountable. In recent years, the degree of institutional flexibility in the use of these funds has diminished.

*The state government continues to declare its responsibility to oversee programs. While the Legislature generally in the past has limited this review to audits of program expenditures and to recommendations of budget levels, the Legislature is beginning to show interest not only in making specific program suggestions to the Coordinating Board, but also in conducting its own program development and evaluation.

While these three considerations suggest that the State of Texas requires more accountability, it is not these traditional areas of accountability which are conflicting most with the institutions' autonomy. Impacting most on autonomy are areas in which the state government traditionally has not sought accountability. These areas include faculty workload, tenure, which professorial ranks should teach which courses, and other matters generally viewed as internal to the institution. These recent overt legislative "impositions" have been followed by restrictions on appropriations which inhibit transfer of operating funds, program levels, or research monies, and which suggest a state rather than an institutional preeminence with respect to higher education edvelopment in Texas.

Future Role of Coordinating Board. Even with its limited power, the Coordinating Board will remain the state higher education agency. It likely will remain a coordinating agency which serves as a buffer between different groups, and will not evolve into a governing agency. Nor will any other single governing board emerge. The Texas version of "single governing boards" is the trend toward placing new institutions within existing systems.

Power is disbursed among institutions, with the "systems" and the state's larger institutions dominating the governance process in the institutional sector. For example, The University of Texas System governing board has considerably more power in the Legislature than do the smaller, single institutions. Although small institutions complain, the trend toward "systems", each under its own governing board, appears to be here to stay, leaving little likelihood that a single strong governing board will emerge.

State Government Relationships. The relationship of the Coordinating Board to all other Texas higher education decisionmakers is to buffer each group from the others. The Board staff say they "take the heat," a position consistent with the view of the Commissioner of Higher Education.

Whether or not this will lend to improved decisionmaking or resource allocation cannot be predicted. The answer one receives depends upon with whom one is talking. A more likely result is consistency--but whether this will be an improvement is uncertain.

Another likely result is an increased "sense" of accountability--even if there is no greater accountability. The State Legislature seems to like to see institutions and agencies constrain their spending increases. Legislators generally have had little interest in being involved in the details of restraint but they do want to have a sense of accountability. Institutions willingly will play this "game" (e.g., the present faculty workload evaluation) as long as it does not lead to substantive changes in the institutions' perceptions of academic freedom and autonomy.

Several general observations on state government relationships also might be useful here. Starting with the Governor's Budget and Planning Office (GBPO), here only one staff person works (part-time) on higher education matters. By this person's own admission, he limits himself primarily to budget review, and has little time or incentive to initiate studies. (This staffing arrangement might change significantly with the election of a new governor.) With the exception of the Governor's priorities on special items, the higher education budget review process is largely a matter of containing the budget within proposed limits.

The Office of the Governor is regarded by the Coordinating Board staff and the LBB staff as having little power. The setting of priorities, and the publicity given to those priorities, is the major influence of the Governor. In addition, of course, the Governor has line-item veto power, and this is how he wields influence with the Legislature.

The staff of the Office of the Governor and the LBB recognize the political pressures felt by the Governor.

Gubernatorial support of special line-items specifically as favors to political supporters is viewed as a normal part of the governance process. Political considerations also may be involved in the appointment of institutional governing board members.

Both the Legislature and the Governor view the Coordinating Board as the agency to make the hard decisions on personnel, program, course, and facilities cutbacks, since they both wish to avoid these "distasteful" decisions. To some extent, the Coordinating Board increasingly is viewed as a regulatory agency; yet this overstates the actual power of the Board.

In talking with LBB and GBPO staff, it is interesting to observe how little they know about the formula process. Although they are aware of the committee process through which formulae are designated and approved, these staff persons frequently fail to perceive how their activities could interact with this process. For example, when the LBB staff saw that institutions were using formula-generated custodial services funds for other purposes (i.e., in another category), they did not suggest that the Coordinating Board staff review the match between formula-based funding levels and expenditure levels, and then revise the formulae accordingly. Rather, the LBB staff suggested that the custodial funds be labelled "non-transferrable", thereby denying the institutions sorely needed flexibility. This action also denied the Coordinating Board staff the chance to review and possibly revise its formulae. A final comment on budget office cooperation may be of interest. In Chapter IV it was pointed out that the LBB and the GBPO each submitted their own budget recommendations to the Legislature. However, these two offices have developed (at least under the current governor) such closely-related processes of budget development--with joint hearings, joint committee meetings, mutual reliance on Coordinating Board data--that there is very little difference in the two budgets as they go to the Legislature. In fact, an LBB staff person remarked that he had been told by a GBPO staff person that they both would be in trouble if they presented to the Legislature not only the same historical data and current requests but also the same recommendations--a distinct possibility given current operating patterns.

Managerial Considerations. In order for Texas institutions of higher education to remain an effective participant in the state higher education decisionmaking structure, it will be necessary that institutional administrators gain not only a better sense of managerial strategy but also increased skill in the application of qualitative and quantitative managerial techniques. One current effort to address this need is the creation this fall by The University of Texas System (with the expressed support of legislative leaders, the Governor, and the Commissioner of Higher Education) of a new Institute for Higher Education Management. Through a series of different types of management-oriented sessions and courses, operated on a 12-month basis, this Institute is intended to serve the range of institutions in Texas. Given the System's (and the state's) commitment to this Institute, excellent results are likely once the Institute is fully operational.

In the immediate future the likely institutional approach will be to try to match the managerial expertise and techniques of the Coordinating Board--in short, to survive. The major budgeting processes in Texas public higher education involve "formulization." As this increasingly involves the collection and use of more and more data, closer auditing, and the inclusion of program review in the fiscal review process, institutions have adjusted by deciding to "play the game"--and to play it better than the Coordinating Board. Ways in which the institutions do this have been suggested in Chapter IV--for example, institutional construction funds are not controlled by the Board; institutional estimates of "other funds" revenue are often low; institutional representatives serve on formula advisory committees; and line items in institutional budget requests are external to the Board's review process.

Collective Bargaining. Collective bargaining in higher education has not been an issue in Texas. It is an activity in direct opposition to the anti-union traditions of the state.

The strongest advocate of faculty collective bargaining has been the Texas Association of College Teachers. It has broached the issue with legislators, but no legislator is openly in support of such collective bargaining. Nevertheless, it increasingly may become a "rallying point" for faculty if issues of faculty compensation, faculty workload, and tenure are not given greater serious attention by the Legislature.

Private Higher Education. The State Legislature does not anticipate funding new programs in private institutions. State appropriations to private institutions are limited to student financial aid and a few special items (e.g., Baylor University medical and dental programs).

With respect to student aid, the primary concern is that the statutory provision for private institutions limits state funds to $600 per pupil, which was one-half the public institution per pupil expenditure at that time. The private institutions now are seeking an increase to $900 per pupil, which would be one-half of the present per pupil rate. The Legislature shows no sign of adopting this increase, however, which leaves the private institutions in a less competitive position.

The Legislature is setting no new, more stringent regulations on private institutions, although they are asked to limit their "out-of-district" (or, off-campus) course offerings.

Service Functions. The State of Texas does not control the service functions; institutions have retained primary control.

The State Board of Control reviews institutional purchases over $5000 (including interagency research contracts, which could involve public institutions), but this is viewed merely as oversight to prevent the abuse of contract bids. Institutions must have all bids authorized by the Board of Control. If the Board does not agree with an institution on the lowest bid, the Board could stop the contract. In fact, however, if an institution presents a written justification for its recommendation on acceptance of a particular bid, then the institution usually receives Board authorization. But, according to the LBB staff, in this event the institution then would be subject to intense scrutiny by other institutions.

Currently the interim legislative committee concerned with higher education financing is recommending (tentatively) uniform funding of campus security, based in part upon work of a formula advisory committee. This recommendation has resulted from institutional testimony that campus security now is funded from many sources, including student service fees.

Institutional Competition. "Flagship" institutions (e.g., The University of Texas at Austin) undoubtedly will retain their quality and fiscal dominance in Texas. The entire higher education governance system insists upon it, as evidenced by such developments as:

*The "role and scope" studies currently being prepared will establish on a somewhat permanent basis that the current "flagship" institutions will retain that distinction.

*The Legislature continues to appropriate large amounts of money for the leading institutions, especially for special programs and line items.

*The larger, dominating institutions have significant numbers of alumni in the State Legislature.

*The leading institutions generally have been in existence the longest, and hence the earliest established endowments (e.g., PUF/AUF) and discretionary funds.

There is no doubt that public community and junior colleges in Texas have been growing at a much faster rate than senior institutions, thereby continuing the competition between them for certain groups of students. As noted earlier in this study, senior institutions have been experiencing a decline in the proportion of their students which are at the lower division level. At the same time, however, senior institutions have maintained overall enrollment stabilization through corresponding increases in graduate enrollments. Moreover, the senior institutions also have been making greater efforts to enroll minority, women, tranfer, and continuing education students. Thus, the competition seems _not_ to have weakened either sector, but rather each seems to have adjusted to their respective "niches" in accordance with their missions. Coordinating Board staff concur with this assessment, viewing junior and community colleges both as vocational-technical schools and as general education academic institutions which do not compete substantially for students with senior institutions.

There is _no_ evidence in Texas that the first two years of postsecondary education soon (if ever) will become an entitlement.

Higher Education as a State Resource. The State of Texas can and does expect public higher education to be a resource for the state. This has been said innumerable times, in various ways, by various state officials. For example:

> *The Governor and the State Legislature view energy as a top priority. Research and training

in energy fields, even if it is associated with private industry, is considered very important. The state has expected higher education to move actively into the energy area, and the institutions have responded enthusiastically.

*The importance of relating higher education to jobs (and hence lessen unemployment) is another priority of the Legislature and the Governor. While their respective staffs and the Coordinating Board staff oppose the total identity of higher education with job market opportunities, this priority is advocated by the state's political leaders. The 1202 Commission is spending most of its effort preparing and distributing documents on state occupational trends. The Governor and the Legislature have asked the Coordinating Board to review all programs, especially doctoral programs, which lead to limited jobs, with a view toward eliminating "superfluous" programs.

Nevertheless, institutional, applied, and organized research is a sore point with the Legislature. In the 1978-1979 biennial budget, the Legislature made its first serious attempt to warn institutions that "teachers should be teaching" by cutting FY 1979 funding to one-half that in FY 1978 (which was the same as in FY 1977). The Legislature also is aggravated at not knowing what the appropriated funds have been spent on, and has instituted the annual research reports discussed earlier in this chapter.

Frequently, research has been funded as special items. In this way the percieved "needs" of the institutions and the intended "benefits" to the state can be more closely monitored. Currently under consideration by the LBB staff and the interim legislative committee on higher education funding is a proposal to force institutions to specify more precisely the intended use of the line item appropriation, with a reporting system and institutional requirements to assure it is not duplicative.

The institutions, in turn, have not remained silent but have resonded angrily to the Legislature's research cuts. They view the organized research formula as providing the critically important seed money to attract federal or private funds. Institutions also view the organized research funds as an important factor in attracting faculty and other experts to Texas.

In short, then, the State of Texas can and does expect the public higher education system to be a state resource. The public higher education system also should be expected to include state needs and state manpower projections as elements of its long-range planning efforts. A system of applied research on state problems and issues, as long as it doesn't exclude basic research and as long as it is consistent with institutions' roles and missions, can be developed and need not intrude upon faculty freedom. Institutions undoubtedly will try to develop these research responses to legislative concerns and state needs in such a way that in turn they gain institutional flexibility and autonomy in academic areas of importance to administrators, faculty, and students. If this activist approach is not adopted by the institutions, clearly a potentially less desirable research program will be imposed upon them.

APPENDIX A

RECENT ENROLLMENT TRENDS
IN TEXAS HIGHER EDUCATION INSTITUTIONS

TABLE A-1

TOTAL STUDENT ENROLLMENTS (1969-1976)

TEXAS JUNIOR AND SENIOR INSTITUTIONS (PUBLIC AND INDEPENDENT)*

FALL	ENROLLED	COLLEGE-AGE POPULATION**	PERCENTAGE ENROLLED
1969	406,963	1,323,847	30.7 %
1973	521,501	1,492,278	34.95 %
1976	688,084	1,662,617	41.38 %

*Does not include Medical, Dental, and Allied Health Units, and the Texas State Technical Institute (TSTI).

**Population projection for 1976 provided by the Population Research Center of The University of Texas at Austin.

SOURCE: Coordinating Board, Texas College and University System. Texas Higher Education, 1968-1980, and Statistical Supplement: 1977.

TABLE A-2

TOTAL STUDENT ENROLLMENTS (1969-1976)

TEXAS PUBLIC JUNIOR AND SENIOR INSTITUTIONS

FALL	PUBLIC JUNIOR COLLEGES	PERCENT	PUBLIC SENIOR COLLEGE	PERCENT
1969	108,891	32.6 %	225,272	67.4 %
1973	186,655	41.8 %	260,088	58.2 %
1976	215,242	42.8 %	315,437	57.2 %

SOURCE: Coordinating Board, Texas College and University System. Texas Higher Education, 1968-1980 and Statistical Supplement: 1977.

TABLE A-3

TOTAL STUDENT ENROLLMENTS (1969-1976)

TEXAS PUBLIC AND INDEPENDENT HIGHER EDUCATION INSTITUTIONS

FALL	PUBLIC INSTITUTIONS	PERCENT	INDEPENDENT INSTITUTIONS	PERCENT
1969	334,163	82.1 %	72,800	11.9 %
1973	446,743	85.6 %	74,758	14.4 %
1976	530,679	87.7 %	74,220	12.3 %

SOURCE: Coordinating Board, Texas College and University System. Texas Higher Education, 1968-1980 and Statistical Supplement: 1977.

TABLE A-4

STUDENT ENROLLMENTS BY SEX (1969-1976)

TEXAS HIGHER EDUCATION INSTITUTIONS

	PUBLIC SENIOR			PUBLIC JUNIOR			INDEPENDENT SENIOR		
FALL	MEN	WOMEN	%	MEN	WOMEN	%	MEN	WOMEN	%
1969	137,132	87,240	38.7	60,610	35,914	37.2	36,826	26,826	42.1
1973	150,930	109,158	41.9	88,712	59,859	40.2	37,760	29,045	43.4
1976	171,966	143,203	45.4	115,500	99,742	46.3	40,332	31,446	43.8

SOURCE: Coordinating Board, Texas College and University System. Texas Higher Education, 1968-1980, and Statistical Supplement: 1977.

TABLE A-5

GRADUATE STUDENT ENROLLMENTS BY SEX (FALL 1976)

TEXAS PUBLIC INSTITUTIONS

	MALE		FEMALE		TOTAL	
Graduate Level	No.	%	No.	%	No.	%
Post-Baccalaureate	5,002	54 %	4,396	46 %	9,398	100 %
Masters	22,541	51 %	22,417	49 %	44,958	100 %
Ph.D.	5,968	68 %	2,919	32 %	8,887	100 %
Special/Professional	3,126	74 %	1,134	26 %	4,260	100 %

SOURCE: Coordinating Board, Texas College and University System. Statistical Supplement: 1977.

TABLE A-6
(a)

STUDENT ENROLLMENT BY ETHNICITY (FALL 1976)

TEXAS PUBLIC SENIOR AND JUNIOR INSTITUTIONS

FALL 1976	ANGLO	%	BLACK	%	CHICANO	%
Public Senior Colleges	189,243	76	22,740	9	23,908	9
Public Junior Colleges	131,362	69	22,008	11	29,927	15

(b)

GRADUATE ENROLLMENT BY ETHNICITY (FALL 1976)

PUBLIC SENIOR COLLEGES AND UNIVERSITIES

FALL 1976	ANGLO	%	BLACK	%	CHICANO	%
Total	52,118	77	4,344	6	4,418	6
Masters	34,317	76	3,141	6	3,358	7
Ph.D.*	6,842	76	304	3	308	3
Special/Professional	3,424	80	328	7	308	7

*Aliens constitute 12.2 % of this category.

SOURCE: Coordinating Board, Texas College and University System. Statistical Supplement: 1977.

TABLE A-7

MINORITY STUDENT ENROLLMENTS

TEXAS HIGHER EDUCATION INSTITUTIONS

FALL 1977

	American Indian	Black	Asian	Hispanic	White	Total enrollment
TEXAS						
Abilene Christian U	0.1	3.0	0.3	1.0	95.0	3,685
Alvin CC	1.2	14.7	0.8	8.8	72.4	2,374
Amarillo C	0.4	4.2	0.3	5.4	88.7	4,276
American Tech U	2.7	6.3	1.0	5.0	85.0	300
Angelina C	0.6	19.4	0.1	0.6	79.3	1,795
Angelo St U	0.1	4.2	0.1	10.7	84.5	4,559
Austin C	0.4	4.0	0.8	5.1	88.8	1,129
Austin CC	0.5	13.7	0.4	13.4	69.2	6,675
Baylor C of Dentistry	0.0	0.0	0.0	1.4	98.6	72
Baylor U	0.5	1.8	0.4	2.1	95.0	7,708
Bee Co C	0.0	2.8	0.1	47.1	48.5	2,218
Bishop C	0.0	98.5	0.2	0.6	0.3	1,486
Blinn C	0.4	12.8	0.3	4.4	70.8	2,065
Brazosport C	2.4	13.3	1.6	7.9	73.9	3,004
Central Texas C	0.6	16.2	1.6	6.3	74.5	4,364
Cisco JC	0.1	8.0	1.5	4.0	87.0	1,579
Clarendon C	0.0	10.1	0.0	0.8	89.2	388
C of the Mainland	0.2	22.4	0.1	8.2	67.7	1,885
Concordia Luth C	1.3	8.4	0.3	6.0	82.9	299
Cooke Co C	1.5	5.0	0.1	1.5	77.7	1,426
Dallas Baptist C	0.5	11.7	0.0	4.8	81.3	1,189
Dallas Bible C	1.1	3.9	0.0	3.5	89.8	284
Dallas Christian C	0.0	0.0	0.0	0.0	98.3	118
Dallas Co CC						
Eastfield C	0.2	7.6	0.2	3.8	85.6	7,622
El Centro C	0.5	43.1	0.1	7.2	41.8	7,233
Mountain View C	0.5	20.3	0.4	5.8	67.8	6,460
Richland C	0.2	2.6	0.3	2.1	91.3	11,207
Del Mar C	0.2	3.3	0.4	45.1	50.6	7,104
DeVry Inst of Tech	0.9	22.3	0.6	9.4	66.4	875
E Texas Baptist C	0.0	5.7	0.0	1.7	90.3	785
East Texas St U	0.4	17.1	0.3	2.1	78.3	7,061
El Paso CC	0.9	6.1	1.1	55.1	36.4	8,741
Frank Phillips C	0.3	2.0	0.3	0.9	96.4	644
Galveston C	0.0	26.8	2.4	12.7	53.7	1,651
Grayson Co JC	0.2	6.6	0.2	1.4	91.5	3,125
Gulf Coast Bible C	0.3	3.1	0.3	0.8	95.5	355
Hardin-Baylor C	0.6	6.6	0.2	5.6	79.4	1,012
Hardin-Simmons U	0.1	3.7	0.3	4.2	91.8	1,553
Henderson Co JC	0.0	20.8	0.2	3.4	69.6	2,179
Hill JC	0.0	13.0	0.0	7.5	78.9	771
Houston Baptist U	1.1	5.0	1.4	4.7	84.8	1,692
Houston CC	1.5	39.0	2.3	8.3	47.5	6,083
Howard C at Big Spring	0.8	5.8	0.8	13.3	77.5	1,311
Howard Payne U	0.2	5.7	0.3	5.8	87.8	1,303
Huston-Tillotson C	0.0	70.0	0.0	1.8	0.8	706
Incarnate Word C	0.5	8.4	1.7	33.6	52.4	1,209
Jacksonville C	0.0	4.7	0.0	0.4	92.2	256
Jarvis Christian C	0.0	98.3	0.0	1.2	0.6	520
Kilgore C	0.0	11.8	0.0	1.8	85.6	3,251
Lamar U	0.5	17.5	0.4	2.2	77.1	10,852
Laredo JC	0.1	0.2	0.0	88.3	8.9	2,751
Lee C	0.2	15.0	1.1	6.7	76.8	3,741
LeTourneau C	0.1	1.1	0.1	0.8	94.1	723
Lon Morris C	0.0	13.4	0.3	3.7	63.2	299
Lubbock Christ C	0.2	3.3	0.1	3.0	92.4	1,074
McLennan CC	0.4	15.6	0.1	6.1	77.8	3,055
McMurry C	0.5	6.1	0.5	3.6	86.0	1,161
Midland C	3.5	8.4	0.9	8.7	77.8	1,401
Midwestern St U	0.2	3.8	0.7	2.6	92.3	4,031
Navarro C	0.2	16.8	0.1	2.3	72.6	1,592
North Harris Co C	0.3	3.6	1.1	4.5	89.8	2,757
North Texas St U	0.3	10.2	0.2	2.6	84.0	11,927
Odessa C	0.4	3.5	0.1	12.7	82.9	3,603
Our Lady of the Lake U	0.2	9.0	0.8	57.0	33.0	1,061
Pan American U	0.2	0.5	1.0	76.4	21.2	7,523
Panola JC	0.7	19.6	0.4	0.2	72.6815	
z	0.4	11.0	2.0	0.6	83.9	1,612
Paul Quinn C	0.0	94.5	0.0	0.0	0.6	529
Ranger JC	0.6	14.3	0.0	9.1	73.4	616
Rice U	0.1	3.9	1.8	3.6	88.5	2,667
St Edward's U	0.6	7.8	0.6	26.2	57.4	1,583
St Mary's U, San Antonio	0.7	5.9	0.8	40.7	50.6	1,772

	American Indian	Black	Asian	Hispanic	White	Total enrollment
TEXAS—Continued						
Sam Houston St U	0.2	6.3	0.4	2.8	89.2	8,741
St Philip's C	0.5	27.5	0.4	40.8	30.0	5,918
San Antonio C	0.5	5.9	1.1	39.4	49.9	17,466
San Jacinto C	0.4	2.6	0.3	5.7	86.0	7,547
Schreiner C	0.9	3.8	0.7	6.5	82.6	449
Southern Bible C	0.0	7.3	0.0	7.9	83.6	177
So Methodist U	0.1	3.1	0.4	2.0	93.4	5,370
South Plains C	0.8	6.3	0.0	18.2	73.4	2,288
SW Assembly of God C	0.3	1.1	0.0	4.6	93.8	753
SW Christian C	0.0	93.0	0.0	0.0	3.2	341
SW Union C	1.0	9.9	2.3	8.6	77.5	724
Southwestern U	0.2	2.3	1.2	3.4	92.3	861
SW Texas JC	0.0	0.4	0.0	63.2	35.4	2,035
SW Texas St U	0.4	2.3	0.2	8.4	88.3	12,313
S F Austin St U	0.1	3.2	0.2	1.1	94.9	9,079
Sul Ross St U	0.3	1.7	0.2	26.1	70.8	1,481
Tarrant Co JC						
Northeast	0.6	3.3	0.7	2.3	92.9	7,222
Northwest	0.6	5.2	1.8	10.4	82.0	2,153
South	0.4	21.8	1.9	4.8	70.9	7,707
Temple JC	0.2	10.1	0.4	6.1	82.1	1,823
Texarkana C	0.0	12.0	0.2	8.9	78.4	2,383
Texas A&I U						
Main Campus	0.3	4.3	0.9	52.8	37.8	5,302
Corpus Christi	0.1	1.1	0.1	33.1	64.1	1,203
Laredo	0.0	0.0	0.0	88.5	10.3	445
Prairie View A&M U	0.0	99.2	0.0	0.0	0.8	3,868
Tarleton St U	0.1	1.3	0.1	1.1	97.4	2,631
Texas A&M U						
Main Campus	1.5	0.3	0.1	1.0	95.0	22,230
Moody C	0.0	0.6	0.2	1.2	96.5	489
Texas Christian U	0.4	5.5	0.5	2.1	90.4	4,419
Texas C	0.0	100.0	0.0	0.0	0.0	723
Texas Eastern U	0.2	7.1	0.0	1.0	90.4	942
Texas Lutheran C	0.0	7.4	0.0	8.3	82.9	1,025
Texas Southern U	0.0	86.6	1.0	0.9	0.7	7,554
Tex Southmost C	0.2	0.2	0.5	69.2	19.9	3,446
Texas St Tech						
James Connally	0.1	9.3	0.3	6.7	82.1	3,088
Mid-Continent	0.2	7.0	0.2	10.9	81.6	516
Rio Grande	0.0	0.2	0.0	87.2	12.2	981
Texas Tech U	0.6	1.5	0.2	2.1	94.3	18,907
Texas Wesleyan C	0.4	12.8	0.1	3.5	82.8	1,898
Texas Woman's U	0.7	17.3	1.4	8.3	70.6	5,318
Trinity U	0.1	3.0	0.4	12.2	82.4	2,610
Tyler JC	0.1	17.5	0.0	0.7	80.5	5,150
U of Dallas	0.1	2.3	0.4	4.3	89.7	744
U of Houston						
Main Campus	0.4	11.3	1.0	7.6	74.2	27,977
Clear Lake City	2.9	3.6	0.9	4.4	88.2	1,854
Victoria	1.1	1.1	0.0	11.4	85.9	369
U of St Thomas	0.6	7.9	0.5	9.6	80.1	1,525
U of Texas						
Austin	0.2	2.2	0.6	7.0	87.0	32,415
Arlington	0.3	5.5	0.5	2.9	84.5	14,057
Dallas	0.4	3.4	0.3	2.2	91.4	2,432
El Paso	0.6	2.1	1.0	30.6	65.3	12,961
Health Sci Ctr, Dallas	1.3	1.7	0.4	2.8	91.8	233
Health Sci Ctr, Houston	0.2	9.7	0.7	3.0	86.4	536
Health Sci Ctr, San Antonio	0.3	3.4	1.5	18.9	75.6	328
Med Branch, Galveston	0.0	5.6	0.5	6.3	87.1	410
Permian Basin	0.5	2.1	0.3	7.8	87.6	884
San Antonio	0.2	3.2	0.7	25.6	70.1	4,408
Vernon Regional JC	0.6	7.1	0.6	5.5	86.2	807
Victoria C	0.5	4.4	0.5	17.2	77.3	1,801
Wayland Baptist C	0.7	4.4	0.4	6.6	87.9	1,117
Weatherford C	0.5	5.9	1.4	3.4	75.2	1,047
West Texas C	0.0	3.3	0.0	6.9	89.4	1,071
West Texas St U	0.4	3.7	0.2	5.0	89.8	5,416
Wharton Co JC	0.0	14.5	0.1	13.6	70.3	2,065
Wiley C	0.0	98.3	0.2	0.0	0.0	582

SOURCE: The data were compiled by the Office for Civil Rights of the Department of Health, Education, and Welfare. Figures do not [illegible] therefore, the percentages at

TABLE A-8

STATE OF RESIDENCE (1963-1975)

STUDENTS IN TEXAS HIGHER EDUCATION INSTITUTIONS

YEAR	TOTAL	RESIDENT	NON-RESIDENT
1963	228,090	205,794	22,296
1968	353,801	318,891	34,910
1972	437,796	391,638	46,158
1975	625,447	550,751	74,696

SOURCE: National Center for Educational Statistics (NCES), *Annual Reports* (1963, 1968, 1972, 1975).

TABLE A-9

DISTRIBUTION OF RESIDENT AND NON-RESIDENT STUDENTS (1973, 1976)

TEXAS HIGHER EDUCATION INSTITUTIONS

	YEAR	RESIDENT	%	OUT OF STATE	%	FOREIGN	%
Public Senior Colleges	1973	239,149	91	13,929	5	7,010	2
	1976	284,948	90	18,725	5	11,241	3
Public Junior Colleges	1973	143,819	96	3,498	2	1,516	1
	1976	203,913	95	6,428	3	3,381	1
Independent Senior Colleges	1973	52.002	76	13,949	20	1,610	2
	1976	52,101	74	16,013	22	2,096	2

SOURCE: Coordinating Board, Texas College and University System. Statistical Supplements: 1973 and 1977.

TABLE A-10

TEXAS PUBLIC SENIOR COLLEGE ENROLLMENTS (1969-1976)

BY LEVEL OF EDUCATION

FALL	LOWER DIVISION	%	UPPER DIVISION	%	MASTERS AND SPECIAL/PROFESSIONAL	%	DOCTORAL	%
1969	112,357	49.8	82,851	36.7	24,162	10.7	5,902	2.6
1973	116,306	44.7	97,175	37.3	38,883	14.9	7,711	2.9
1976*	136,302	43.1	111,393	35.3	49,218	15.6	8,887	2.8

*Does not include "Post-Baccalaureate" category.

SOURCE: Coordinating Board, Texas College and University System.
Texas Higher Education, 1968-1980 and *Statistical Supplement: 1977*.

APPENDIX B

CHARACTERISTICS OF
TEXAS RECIPIENTS
OF FEDERAL AND STATE ASSISTANCE
FOR HIGHER EDUCATION STUDENTS

TABLE B-1

BASIC EDUCATIONAL OPPORTUNITY GRANT RECIPIENTS: 1975-1976

(NATIONAL AND TEXAS TOTALS)

TYPE OF INSTITUTION	NATIONAL		TEXAS	
	NO.	AVG. AWARD	NO.	AVG. AWARD
PUBLIC:				
University	679,495	$787	46,038	$730
4-year	124,452	797		
2-year	565,581	602	41,234	590
Other	8,917	510	103	598
Total Public	1,378,445	$710	87,375	$664
PRIVATE:				
University	135,743	$1,005	5,125	$918
4-year	204,273	939	9,160	970
2-year	41,206	876	1,545	737
Other	1,580	782	5	603
Total Private	382,847	$ 955	15,835	$930
PROPRIETARY:				
University	952	$868	262	$948
4-year	7,307	720	673	629
2-year	58,284	738	1,211	651
1-2 year	42,337	541	1,471	637
6 mo.-1 year	71,015	701	4,943	638
Total Proprietary	179,895	$677	8,560	$648
TOTALS	1,941,187		111,770	(5.8% of national total)

SOURCE: The College Board

TABLE B-2

CAMPUS-BASED FEDERAL PROGRAMS: TEXAS (1975-1976)*

(By Sex of Recipient)

	PUBLIC INSTITUTIONS						PRIVATE INSTITUTIONS		
	SENIOR			JUNIOR					
	MALE	FEMALE	%	MALE	FEMALE	%	MALE	FEMALE	%
ALL CAMPUS BASED PROGRAMS **	9,943	12,957	56	3,975	6,666	62	9,004	9,234	51
NDSL	3,783	4,588	54	1,003	1,666	62	6,367	5,402	45
SEOG	3,737	5,084	57	1,596	2,636	62	3,172	3,341	51
CWS	5,205	7,674	59	2,596	4,604	64	4,670	5,712	55

* Excludes proprietary schools
** Unduplicated totals.

SOURCE: The College Board

TABLE B-3

FEDERAL CAMPUS-BASED STUDENT FINANCIAL AID: TEXAS (1971-1972 and 1975-1976)

(By Type of Institution)

1975-1976	PUBLIC			PRIVATE		
INCOME LEVEL	RECIPIENTS	AWARDS	% OF TOTAL PUBLIC	RECIPIENTS	AWARDS	% OF TOTAL PRIVATE
0 - 2,999	6,179	3,739,903	14	2,223	2,459,562	12
3,000 - 5,999	6,213	4,326,072	16	2,892	3,211,591	15
6,000 - 7,499	2,918	2,076,225	7.8	1,822	1,574,833	7.7
7,500 - 8,999	2,421	1,710,599	6.4	1,624	1,536,997	7.5
9,000 -11,999	3,257	2,401,148	9	2,453	2,510,228	12
12,000 +	3,920	2,933,836	11	4,971	4,758,017	23
INDEPENDENT	8,229	7,533,066	28	2,782	3,189,976	15.7
GRADUATE	1,675	1,892,705	7.1	712	1,017,991	5
TOTAL	34,812	26,613,612		19,489	20,259,195	

1971-1972	PUBLIC			PRIVATE		
INCOME LEVEL	RECIPIENTS	AWARDS	% OF TOTAL PUBLIC	RECIPIENTS	AWARDS	% OF TOTAL PRIVATE
0 - 2,999	6,106	$ 4,268,883	23.6	3,832	$ 4,304,551	22.9
3,000 - 5,999	8,607	5,729,208	31	4,282	5,130,084	22.7
6,000 - 7,499	2,964	1,600,445	8	2,257	2,356,344	12.5
7,500 - 8,999	1,931	1,253,052	7	1,634	1,586,036	8.4
9,000 -11,999	1,783	1,043,794	5.7	2,048	1,658,784	8.8
12,000 +	596	329,549	1.8	1,514	1,050,083	5.6
INDEPENDENT	4,004	2,784,101	15	1,902	2,019,537	10
GRADUATE	924	1,059,295	5.8	589	617,243	3.2
TOTAL	26,969	$ 18,068,327		18,058	$ 18,722,664	

*Excludes proprietary schools.

SOURCE: The College Board

TABLE B-4

FEDERAL CAMPUS-BASED STUDENT FINANCIAL AID: TEXAS (1971-1972 and 1975-1976)

(By Level of Institution)*

1975-1976

	SENIOR INSTITUTIONS			JUNIOR INSTITUTIONS		
INCOME LEVEL	RECIPIENTS	AWARDS	AVG. AWARD	RECIPIENTS	AWARDS	AVG. AWARD
0 - 2,999	4,078	$ 2,357,899	578	2,101	$ 1,382,017	657
3,000 - 5,999	3,953	2,887,042	730	2,260	1,439,030	636
6,000 - 7,499	2,026	1,503,187	742	892	573,038	642
7,500 - 8,999	1,618	1,193,275	738	803	517,324	644
9,000 - 11,999	2,221	1,738,165	783	1,036	662,983	639
12,000 +	2,866	2,198,890	767	1,054	735,846	698
INDEPENDENT	5,028	5,178,712	1,030	3,201	2,354,354	735
GRADUATE	1,675	1,892,755	1,130			
TOTAL	23,465	18,949,027	808	11,347	$ 7,664,585	675

1971-1972

	SENIOR INSTITUTIONS			JUNIOR INSTITUTIONS		
INCOME LEVEL	RECIPIENTS	AWARDS	AVG. AWARD	RECIPIENTS	AWARDS	AVG. AWARD
0 - 2,999	3,934	$ 2,911,828	740	2,226	$ 1,357,055	609
3,000 - 5,999	5,920	4,094,640	691	2 687	1,643,858	608
6,000 - 7,499	1,953	1,410,640	722	1,011	189,805	187
7,500 - 8,999	1,266	884,306	698	665	368,746	554
9,000 - 11,999	1,140	728,152	638	643	315,642	490
12,000 +	451	263,006	583	145	66,543	458
INDEPENDENT	2,974	2,234,112	751	930	549,989	591
GRADUATE	924	1,059,299	1,146			
TOTAL	18,562	13,585,299	731	8,704	4,482,638	515

SOURCE: The College Board

*Excludes proprietary schools

TABLE B-5

FEDERAL CAMPUS-BASED PROGRAMS: TEXAS (1975-1976)

(No. of Awards, By Sex of Recipient)

ype of nstitution	Unduplicated Number of Recipients			NDSL Recipients			SEOG Recipients			CWS Recipients		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
otal ublic	34,037	14,213	19,824	11,040	4,786	6,254	13,176	5,412	7,764	20,545	8,079	12,466
niv.- Yr.	22,900	9,943	12,957	8,371	3,783	4,588	8,821	3,737	5,084	12,879	5,205	7,674
Yr.	10,641	3,975	6,666	2,669	1,003	1,666	4,232	1,596	2,636	7,200	2,596	4,604
oc.Tec.	496	295	201	--	--	--	123	79	44	466	278	188
otal rivate	18,238	9,004	9,234	11,769	6,367	5,402	6,513	3,172	3,341	10,382	4,670	5,712
niv.	8,776	4,268	4,508	5,308	2,862	2,446	2,326	1,038	1,288	4,961	2,085	2,876
Yr.	8,818	4,478	4,340	6,286	3,414	2,872	3,932	2,031	1,901	4,915	2,406	2,509
Yr.	644	258	386	175	91	84	255	103	152	506	179	327
roprietary	3,498	727	2,771	2,688	551	2,137	1,849	360	1,489	230	14	216
OTAL LL NSTITUTIONS	55,773	23,944	31,829	25,497	11,704	13,793	21,538	8,944	12,594	31,157	12,763	18,394

ource: The College Board

TABLE B-6

FEDERAL CAMPUS-BASED PROGRAMS: TEXAS (1975-1976)

(Dollar Amounts, By Ethnic Origin of Recipient)

Type of Institution		Unduplicated Total						NDSL TOTAL $					
		Total	Black	Amer. Indian	Asian	Hispanic	White	Total	Black	Amer. Indian	Asian	Hispanic	White
ALL INSTITUTIONS	$	50,352,785	15,651,211	64,192	313,441	11,345,879	22,978,062						
	#	(55,539)	(16,679)	(74)	(306)	(12,802)	(25,678)						
Total Public	$	27,133,483	8,055,516	64,192	223,365	7,845,601	10,944,809						
	#	(33,254)	(9915)	(74)	(234)	(9575)	(13,456)						
Univ. & 4 Yr.	$	19,730,466	6,001,655	64,192	150,887	5,026,904	8,486,828		1,564,207	23,935	63,700	1,406,458	3,090,510
	#	(22,508)	(7148)	(74)	(147)	(5534)	(9605)		(2119)	(17)	(67)	(1915)	(3903)
2 Yr.	$	7,159,869	2,045,870		69,479	2,651,531	2,392,989		451,740			326,538	464,899
	#	(10,251)	(2751)	-	(84)	(3718)	(3698)		(946)	-	-	(710)	(917)
Voc.Tec.	$	243,148	7,991		2,999	167,166	64,992						
	#	(495)	(16)	-	(3)	(323)	(153)		-	-	-	-	-
Total Private	$	20,551,290	6,528,869		90,076	3,094,863	10,837,482						
	#	(18,763)	(5389)	-	(72)	(2559)	(10,743)						
Univ.	$	8,806,117	746,534		60,711	1,847,638	6,151,234		358,533		35,105	834,685	3,565,722
	#	(8717)	(668)		(58)	(1610)	(6381)		(405)	-	(36)	(975)	(3892)
4 Yr.	$	11,308,315	5,541,942		29,365	1,217,929	4,520,079		2,366,695		19,674	489,129	2,712,040
	#	(9410)	(4440)	-	(14)	(898)	(4058)		(2697)	-	(8)	(674)	(3206)
2 Yr.	$	435,858	240,393			29,296	166,169		88,416				17,870
	#	(636)	(281)	-	-	(51)	(304)		(144)	-	-	-	(29)
Proprietary	$	2,668,012	1,066,826			405,415	1,195,771		823,043			317,403	887,585
	#	(3522)	(1375)	-	-	(668)	(1479)		(1051)	-	-	(538)	(1132)

SOURCE: The College Board

TABLE B-6 (Continued)

Type of Institution		SEOG TOTAL $						CWS TOTAL $					
		Total	Black	Amer. Indian	Asian	Hispanic	White	Total	Black	Amer. Indian	Asian	Hispanic	White
ALL INSTITUTIONS	$												
	#												
Total Public	$												
	#												
Univ. and 4 Yr.	$		1,872,931	13,567	24,463	1,117,748	1,086,739		2,561,513	26,662	62,702	2,502,695	4,309,[illegible]
	#		(3653)	(22)	(32)	(2619)	(2402)		(3533)	(33)	(77)	(3152)	(58[illegible]
2 Yr.	$		461,768			717,253	380,092		1,149,466		46,445	1,593,576	1,586,[illegible]
	#		(1251)	-	-	(1869)	(1011)		(1867)	-	(65)	(2439)	(273[illegible]
Voc. Tec.	$		1,275			39,775	13,012		6,716			126,391	[illegible]
	#		(3)	-	-	(83)	(33)		(15)	-	-	(308)	[illegible]
Total Private	$												
	#												
Univ.	$		192,575		5,497	406,061	617,588		195,522		16,101	606,888	1,968,[illegible]
	#		(298)	-	(11)	(820)	(1185)		(344)	-	(32)	(860)	[illegible]
4 Yr.	$		1,160,773			262,347	791,243		2,007,206			711,447	1,01[illegible]
	#		(2196)	-	-	(430)	(1517)		(2820)	-	-	(563)	(20[illegible]
2 Yr.	$		57,174			6,674	28,494		94,801			22,119	119,[illegible]
	#		(149)	-	-	(19)	(81)		(204)	-	-	(46)	(24[illegible]
Proprietary	$		197,908			116,827	272,353		47,936			11,260	45,[illegible]
	#		(773)	-	-	(319)	(776)		(127)	-	-	(15)	[illegible]

Source: The College Board

TABLE B-7

FEDERAL CAMPUS-BASED PROGRAMS: TEXAS (1975-1976)

(Ave. Award, Unduplicated No. of Recipients, and Percent Distribution, By Income Level)

		TOTAL STUDENTS	DEPENDENT STUDENTS						INDEPENDENT GRADUATE STUDENTS	GRADUATE STUDENTS
			$0-2999	$3000-5999	$6000-7499	$7500-8999	$9000-11,999	Over $12000		
All Institu.	$	854	731	819	762	795	855	866	949	1,219
	#	(58,060)	(9,047)	(9,666)	(5,024)	(4,242)	(5,950)	(9,117)	(12,627)	(2,387)
	%	100.0	15.6	16.6	8.7	7.3	10.2	15.7	21.7	4.2
All Public:	$	764	605	696	712	707	737	748	915	1,130
	#	(34,812)	(6,179)	(6,213)	(2,918)	(2,421)	(3,257)	(3,920)	(8,229)	(1,675)
	%	100.0	17.7	17.8	8.4	7.0	9.4	11.3	23.6	4.8
University & 4 yr.	$	808	578	730	742	738	783	767	1,030	1,130
	#	(23,465)	(4,078)	(3,953)	(2,026)	(1,618)	(2,221)	(2,866)	(5,028)	(1,675)
	%	100.0	17.4	16.8	8.6	6.9	9.5	12.2	21.4	7.2
2 year	$	684	666	652	648	647	643	705	742	--
	#	(10,851)	(1,977)	(2,094)	(843)	(778)	(1,007)	(1,023)	(3,129)	--
	%	100.0	18.2	19.3	7.8	7.2	9.3	9.4	28.8	--
Voc-Tec.	$	491	525	444	553	547	535	471	474	--
	#	(496)	(124)	(166)	(49)	(25)	(29)	(31)	(72)	--
	%	100.0	25.0	33.5	9.9	5.0	5.8	6.3	14.5	--
All Private:	$	1,040	1,106	1,110	864	946	1,023	957	1,142	1,430
	#	(19,489)	(2,223)	(2,892)	(1,822)	(1,624)	(2,453)	(4,971)	(2,792)	(712)
	%	100.0	11.4	14.8	9.3	8.3	12.6	25.6	14.3	3.7
University	$	969	934	953	893	901	968	892	1,007	1,430
	#	(9,096)	(678)	(1,115)	(781)	(736)	(1,251)	(2,818)	(1,005)	(712)
	%	100.0	7.5	12.3	8.6	8.1	13.7	31.0	11.0	7.8
4 Year	$	1,130	1,212	1,246	850	1,019	1,102	1,064	1,256	--
	#	(9,738)	(1,453)	(1,674)	(976)	(818)	(1,120)	(2,003)	(1,694)	--
	%	100.0	14.9	17.2	10.0	8.4	11.5	20.6	17.4	--
2 Year	$	671	709	613	719	570	783	740	527	--
	#	(655)	(92)	(103)	(65)	(70)	(82)	(150)	(93)	--
	%	100.0	14.0	15.7	9.9	10.7	12.5	22.9	14.2	--
Proprietary:	$	727	641	677	620	635	735	894	783	--
	#	(3,759)	(645)	(561)	(284)	(197)	(240)	(226)	(1,606)	--
	%	100.0	17.2	14.9	7.6	5.2	6.4	6.0	42.7	--

Source: The College Board

TABLE B-8

FEDERAL CAMPUS-BASED PROGRAMS: TEXAS (1975-1976)

(Total Dollars Awarded, By Income Level of Recipient)

		TOTAL STUDENTS	DEPENDENT STUDENTS						INDEPENDENT GRADUATE STUDENTS	GRADUATE STUDENTS
			$0-2999	$3000-5999	$6000-7499	$7500-8999	$9000-11,999	Over $12000		
All Institu.	$	49,603,867	6,613,152	7,917,734	3,827,089	3,372,646	5,087,698	7,893,927	11,980,873	2,910,748
All Public:	$	26,613,612	3,739,909	4,326,072	2,076,225	1,710,599	2,401,148	2,933,836	7,533,066	1,892,757
University	$	18,949,027	2,357,899	2,887,042	1,503,187	1,193,275	1,738,165	2,197,990	5,178,712	1,892,757
4 Year	$	--	--	--	--	--	--	--	--	--
2 Year	$	7,420,840	1,316,940	1,365,390	545,915	503,648	647,469	721,241	2,320,237	--
Voc-Tec	$	243,745	65,070	73,640	27,123	13,676	15,514	14,605	34,117	--
All Private	$	20,259,195	2,459,562	3,211,591	1,574,833	1,536,997	2,510,228	4,758,017	3,189,976	1,017,991
University	$	8,814,638	633,480	1,063,133	698,086	622,939	1,211,452	2,515,059	1,012,498	1,017,991
4 Year	$	11,005,296	1,760,860	2,085,321	830,008	834,136	1,234,590	2,131,888	2,128,493	--
2 Year	$	439,261	65,222	63,137	46,739	39,922	64,186	111,070	48,985	--
Proprietary	$	2,731,060	413,681	380,071	176,031	125,050	176,322	202,074	1,257,831	--

Source: The College Board

APPENDIX C

TEXAS PUBLIC SENIOR INSTITUTION
FINANCING FORMULAE RECOMMENDED
BY COORDINATING BOARD:
FY 1978 - FY 1979

TABLE C-1

1. General Administration and Student Services

Definition: Costs related to the governance of an institution and administration of student service offices. Some of the expenses included are costs related to the governing board; president's and executive officers' salaries; administrative offices such as fiscal, personnel and business; and student services such as registrar's, admissions and placement offices.

Formula:

$$\overset{A}{\boxed{\begin{array}{c}\text{Fall}\\ \text{Semester}\\ \text{Headcount}\\ \text{Enrollment}\end{array}}} \times \overset{B}{\boxed{\begin{array}{c}\text{General}\\ \text{Administration}\\ \text{Rate}\\ \text{(Table A-1)}\end{array}}} + \overset{C}{\boxed{\begin{array}{c}7\tfrac{1}{2}\%\\ \text{Sponsored}\\ \text{Research}\end{array}}} + \overset{D}{\boxed{\begin{array}{c}1\%\ \text{Total FY 1977}\\ \text{Appropriations}\\ \text{(excluding general}\\ \text{administration and}\\ \text{student services)}\end{array}}}$$

$$= \boxed{\begin{array}{c}\text{Institutional}\\ \text{Request}\end{array}}$$

Notes: Headcount enrollment (A) is used rather than full-time student equivalents because it was determined that the difference between the administrative costs for full-time and part-time students was negligible. Similarly, economies of scale dictate an inverse relationship between the dollar rate (B) and enrollment.

Element C was designed to offset the initial cost in administering research grants and programs.

Element D was recommended because committee studies indicate that the total budget level for educational and general functions was a significant factor in general administrative costs.

Table A-1

GENERAL ADMINISTRATION RATES

Fall Semester Headcount Enrollment	Rate Per Headcount Enrollment Fiscal Year 1978
First 4,000	$ 158.55
Next 4,000	118.27
Above 8,000	106.56

Source: Coordinating Board, Designation of Formulas, 1977-79 Biennium, p. 1.

Note: Rates in this table apply to institutions with enrollments of 4,000 or more; a similar formula is applicable to smaller schools.

2. General Institutional Expense

Definition: Expenses of a general nature which cannot be related to specific departments or divisions. Examples include public informational activities such as bulletins, catalogues and publications; institutional memberships; convocations and public lectures; official functions; mail services; and legal services and fees.

Formula:

$$\boxed{\begin{array}{c}\text{Base Period}\\ \text{Semester}\\ \text{Credit Hours}^*\end{array}} \times \boxed{\begin{array}{c}\text{Dollar}\\ \text{Rate}\\ \text{(Table 2-A)}\end{array}} = \boxed{\begin{array}{c}\text{Institutional}\\ \text{Request}\end{array}}$$

Note: Minimum request for FY 1978 = $110,000.

*Base Period Semester Credit Hours (BSCH) = Total semester credit hours for summer session 1976, fall semester 1976 and spring semester 1977.

Table 2-A

GENERAL INSTITUTIONAL EXPENSE

Semester Credit Hours		Rates Per Base Period Semester Credit Hour Fiscal Year 1978
First	200,000	$ 1.02
Next	200,000	1.15
Next	200,000	1.27
All Over	600,000	1.39

Source: Coordinating Board, Designation of Formulas, 1977-79 Biennium, p. 2.

3. Staff Benefits

Definition: Premiums or costs of employee benefit programs. Examples include staff group insurance premiums, faculty development leaves, old age and survivors insurance, and workmen's compensation insurance.

Formula: No specific calculation.

The Coordinating Board adopted a FY 1978 rate of $25 per month ("or such other rate as may be appropriated for employees of other State Agencies") for each full-time employee for Teacher

Retirement System participation. Also the Board recommended that an "additional amount shall be appropriated" for allocation among the institutions for participation of eligible employees in group insurance programs.

4. Resident Instruction

This is an umbrella category that includes functions directly related to teaching, and is composed of four subcategories. Three are formula items. The fourth, organized activities, is not.

4.1 Faculty Salaries

Definition: Salaries and/or wages of all personnel engaged in a teaching function. Teaching assistants, laboratory assistants and heads of departments (as well as regular faculty) are included, but guest lecturers and student assistants whose duties are clerical are excluded. (See Table A-3 on page A-4.)

Formula:

$$\boxed{\text{BSCH}^*} \times \boxed{\begin{array}{c}\text{Dollar}\\\text{Rate}\\\text{(Table A-3)}\end{array}} = \boxed{\begin{array}{c}\text{Institutional}\\\text{Request}\end{array}}$$

*Apportioned according to appropriate level of instruction (undergraduate, masters, doctoral, or special professional) and by appropriate program area (liberal arts, science, engineering, etc.). For FY 1978 there are 19 designated program areas.

4.2 Departmental Operating Expense

Definition: Expenses incurred in the operation of instructional departments exclusive of faculty salaries. (See Table A-4, page A-5.)

Formula:

$$\boxed{\text{BSCH}^*} \times \boxed{\begin{array}{c}\text{Dollar}\\\text{Rate}\\\text{(Table A-4)}\end{array}} = \boxed{\begin{array}{c}\text{Institutional}\\\text{Request}\end{array}}$$

*Apportioned according to appropriate level of instruction (undergraduate, masters, doctoral, or special professional) and by appropriate program area.

Note: If the formula produces less than \$450,000, an institution may use 21% of faculty salaries to determine its request. However, the maximum request using the percentage method is \$450,000.

Table A-3

FACULTY SALARY RATES - FISCAL YEAR 1978

Program	Undergraduate Four-Year Institutions	Undergraduate Upper-Level Institutions	Masters	Special Professional	Doctor
Liberal Arts...........	$ 22.76	$ 38.69	$ 61.14	$	$223.9
Science...............	24.33	42.58	107.77		322.4
Fine Arts.............	44.01	60.73	97.96		324.6
Teacher Education......	21.26	22.11	50.75		191.9
Teacher Education - Practice Teaching....	47.25	47.25			
Agriculture...........	31.62		88.34		283.6
Engineering...........	40.02	44.42	110.57		322.4
Home Economics.........	30.03		70.23		211.5
Law....................				48.98	
Social Service.........	33.73	58.70	100.78		223.9
Library Science........	23.90	23.90	71.25		223.9
Veterinary Medicine....				100.40	390.0
Vocational Training....	22.40	22.40			
Physical Training......	21.56				
Nursing...............	68.18	68.18	108.02		356.9
Pharmacy..............	54.64		99.37		324.6
Business Administration	24.29	27.69	67.20		307.54
Optometry.............				74.94	322.4
Technology............	33.16	42.78	107.77		

Source: Coordinating Board, Designation of Formulas, 1977-79 Biennium, p. 3.

Table A-4

DEPARTMENTAL OPERATING EXPENSE RATES - FISCAL YEAR 1978

Program	Rates Per Base Period Semester Credit Hour			
	Undergraduate	Masters	Special Professional	Doctoral
Liberal Arts	$ 1.43	$ 9.43	$	$ 44.35
Science	10.65	35.50		159.70
Fine Arts	10.65	35.50		159.70
Teacher Education (Includes Practice Teaching)	4.44	8.88		35.50
Agriculture	8.01	35.50		159.70
Engineering	15.97	35.50		159.70
Home Economics	6.21	17.74		26.62
Law			9.43	
Social Service	4.44	13.31		35.50
Library Science	5.33	8.88		44.35
Veterinary Medicine		60.53	60.53	167.71
Vocational Training	7.10			
Physical Training	4.44			
Nursing	9.80	39.24		176.51
Pharmacy	22.37	35.50		159.70
Business Administration	4.44	17.74		35.50
Optometry			22.37	159.70
Technology	8.43	35.50		
Military Science	4.44			

Source: Coordinating Board, Designation of Formulas, 1977-79 Biennium, p. 5.

4.3 Instructional Administration

Definition: Expenses of the offices of academic deans and directors of major teaching groupings such as colleges, schools or divisions.

Formula:

Part I

5.0 for undergraduate program

+

0.2 for masters program

-

0.8 for doctoral program*

+

2.2 for special professional program

-

Part II

0.69 + (.000007 x $\overline{USCH}$) if $\overline{USCH}$ exceeds 21,000; .00004 x $\overline{USCH}$, if not.

+

0.19 - (.000008 x $\overline{GSCH}$) if $\overline{GSCH}$ exceeds 21,000; .000001 x $\overline{GSCH}$, if not.

0.204 + (-.0000002 x $\overline{SPSCH}$), if $\overline{SPSCH}$ exceeds 3,000; .000076 x $\overline{SPSCH}$ if not.

x Faculty Salary Request = Institutional Request

*Applicable if doctoral BSCH exceeds 3,000.

$\overline{USCH}$ = Undergraduate base period semester credit hours divided by number of colleges, schools or divisions approved by the Coordinating Board as of the spring semester 1977. $\overline{GSCH}$ (graduate BSCH) and $\overline{SPSCH}$ (special professional BSCH) involve the same calculation.

Note: Part I is structured to recognize the fact that the basic costs differ from level to level. For example, the doctoral level is designated as a negative factor because the faculty salary already takes into consideration that the major tasks associated with doctoral programs are performed in the teaching departments. Also the graduate office that oversees doctoral programs already has been organized to supervise masters level programs. The positive factor for special professional programs is used to recognize the high cost of those schools.

Part II represents long-term changes in the percentage due to variations in the enrollment in all categories. Since growth is reflected in faculty salaries, the formula produces a corresponding decline in the percentage. Because additional enrollment in schools of different sizes causes carrying rates of administrative costs, the variables of 21,000 and 3,000 were used to approximate the differing cost rates.

5. Library

Definition: Expenses incurred through the operation of a university library (including salaries and wages).

Formula:

$$\boxed{\text{BSCH}^{*}} \times \boxed{\begin{array}{c}\text{Dollar}\\ \text{Rate}\\ \text{(Table A-5)}\end{array}} = \boxed{\begin{array}{c}\text{Institutional}\\ \text{Request}\end{array}}$$

Note: The minimum request is $450,000. However, if an institution produces less than 50,000 semester credit hours, its request would be $225,000 plus $9 per semester credit hour for all in excess of 25,000 to the minimum of $450,000.

*Apportioned according to appropriate level of instruction.

Table A-5

LIBRARY RATES

Semester Credit Hours	Rates Per Base Period Semester Credit Hour Fiscal Year 1978
Undergraduate	$ 3.05
Masters & Special Professional	6.13
Law	16.18
Doctoral	26.22

Source: Coordinating Board, Designation of Formulas for 1977-79 Biennium, p. 8.

6. Organized Research

Definition: Expenses of separately organized research divisions such as research bureaus, research institutes and separately budgeted or financed research investigations.

Formula:

Institutional Complexity Factor

$$IC = \frac{.015U + (.50M_1 + .10M_2 + .25M_3) + (6D_1 + 1D_2 + 3D_3)}{U + M + D}$$

U = Undergraduate Full-Time Student Equivalent (FTSE)
M = Masters FTSE
  M_1 = Masters FTSE in Science and Engineering
  M_2 = Masters FTSE in Teacher Education
  M_3 = Masters FTSE in all other programs

D = Doctoral FTSE
  D_1 = Doctoral FTSE in Science and Engineering
  D_2 = Doctoral FTSE in Teacher Education
  D_3 = Doctoral FTSE in all other programs

$$\times \boxed{\begin{array}{c}\text{Faculty}\\ \text{Salary}\\ \text{Request}\end{array}} + \boxed{\begin{array}{c}\text{5\% of}\\ \text{Sponsored}\\ \text{Research}\\ \text{Funds}\\ \text{Expended}\\ \text{FY 1976}\end{array}} \times \boxed{70\%} = \boxed{\begin{array}{c}\text{Institutional}\\ \text{Request}\end{array}}$$

Note: The numerical coefficients in the institutional complexity factor are used to designate the costs related to personnel salaries and research tools. The several coefficients are computed according to the level and complexity of research.

7. Extension and Public Service

Definition: Expenses of all activities designed primarily to serve the general public - including correspondence courses, adult work study courses, public lectures, institutes, workshops, demonstrations, etc.

Formula:

$$\boxed{\begin{array}{c}\text{Number of Approved}\\ \text{Continuing Education}\\ \text{Units}\end{array}} \times \boxed{\$10} = \boxed{\begin{array}{c}\text{Institutional}\\ \text{Request}\end{array}}$$

Notes: The majority of the extension and public service activities are self-supporting. The formula applies to community service and continuing education.

The formula minimum is $25,000, and the maximum, $200,000.

8. Physical Plant Operation and Maintenance

This is an umbrella category that contains six cost elements, of which four are formula funded. The remaining two, campus security and utilities, are not.

8.1. Physical Plant General Services

Definition: Expenses such as salaries, wages, supplies, travel, equipment and others necessary to carry out the duties of physical plant administration, planning and general services.

Formula:

$$\boxed{\begin{array}{c}\text{Average}\\ \text{Hourly}\\ \text{Earnings}^{*}\end{array}} \left(\boxed{\begin{array}{c}\text{Full-Time Student Equivalent}\\ +\\ 2\ \text{X}\\ \text{Full-Time Equivalent Employee}\\ \text{Eligible for}\\ \text{Teacher Retirement}\end{array}} \times \boxed{3.90} \right) +$$

$$\boxed{\begin{array}{c}\text{Replacement}\\ \text{Cost of}\\ \text{Buildings}^{**}\\ \times\\ .0028\end{array}} = \boxed{\begin{array}{c}\text{Institutional}\\ \text{Request}\end{array}}$$

*Earnings (adjusted) for January 1976 as shown in Survey of Current Business published by Bureau of Economic Analysis of U.S. Department of Commerce.

**From Markel's Handy Appraisal Chart.

Note: In developing the formula, research indicated that physical plant general services were related most directly to either the number of students or the amount and value of space. The formula incorporates both factors.

To provide a transition period, no institution shall receive less than 100% of the amount appropriated for fiscal year 1977, with a minimum appropriation of $106,000.

8.2 Building Maintenance

Definition: Expenses - wages, salaries, supplies, equipment, and other operating costs - necessary to keep buildings in good appearance and usable condition and to prevent the buildings from deteriorating once placed in first-class condition (for that type and age of building).

Formula:

Maintenance Cost Factor (Table A-6) × Building Replacement Costs* = Institutional Request

*From Markel's Handy Appraisal Chart.

Table A-6

MAINTENANCE COST FACTORS

	Wood-Frame Construction	Masonry-Wood Construction	Masonry-Concrete Construction
Air Conditioned	1.90%	1.45%	1.25%
Non-Air Conditioned	1.75%	1.30%	1.10%

Source: Coordinating Board, Designation of Formulas for 1977-79 Biennium, p. 12.

8.3 Custodial Services

Definition: Costs necessary to keep buildings in a clean and sanitary condition (excluding auxiliary enterprise buildings).

Formula:

$$\boxed{\text{Total Square Feet}^{*}} \times \boxed{\$0.5358} = \boxed{\text{Institutional Request}}$$

[*] Gross area (outside dimensions) of educational, general, and service buildings.

8.4 Grounds Maintenance

Definition: Expenses, including wages, salaries, equipment, etc., necessary for the improvement and upkeep of the lands designated as the campus proper.

Formula:

$$\boxed{\text{Average Hourly Earnings}^{*}} \left(\boxed{.7 \text{ X Linear Feet of Perimeter of Buildings}} + \boxed{122 \text{ X Acres of Lawns and Regularly Maintained Areas}} + \boxed{.5 \text{ X Fall Semester 1976 Headcount Enrollment}} \right)$$

$$= \boxed{\text{Institutional Request}}$$

[*] Earnings for services (adjusted) for January 1976, as shown in the Survey of Current Business published by the Bureau of Economic Analysis of the U.S. Department of Commerce.